

MONTANA LEGISLATIVE HISTORY

Chapter 278 ~~2001~~

Bill H _____ S 138

Original bill & history ☒ c

H. Committee on Local Gov

Hearing Date(s) 3-27 ☒ c

_____ c

_____ c

_____ c

Date Out _____ c

S. Committee on Local Gov.

Hearing Date(s) 1-16 ☒ c

2-15 ☒ c

2-15 _____ c

_____ c

Did this bill originate in an interim committee? ____ Yes ____ No

Committee _____

Report _____

Establish State-local Relationships Interim Committee

By Request of Local Government Funding and Structure Committee

11/02	Fiscal Note Needed
12/20	Introduced
12/28	Fiscal Note Requested
1/03	First Reading
1/03	Referred to Local Government
1/09	Fiscal Note Received
1/09	Fiscal Note Signed
1/10	Fiscal Note Printed
1/16	Hearing
1/26	Tabled in Committee
2/23	Missed Deadline for General Bill Transmittal

SB 138 Introduced by Nelson

LC0421 Dra

Revise Local Government Accounting Laws

By Request of Local Government Funding and Structure Committee

12/20	Introduced	
12/28	Fiscal Note Requested	
1/03	First Reading	
1/03	Referred to Local Government	
1/10	Fiscal Note Received	
1/10	Fiscal Note Signed	
1/11	Fiscal Note Printed	
1/16	Hearing	
2/19	Committee Executive Action--Bill Passed as Amended	11
2/19	Committee Report--Bill Passed as Amended	
2/19	Revised Fiscal Note Requested	
2/20	2nd Reading Passed on Voice Vote	50
2/21	Revised Fiscal Note Received	
2/21	3rd Reading Passed	50
	Transmitted to House	
2/22	Revised Fiscal Note Printed	
3/03	Referred to Local Government	
3/27	Hearing	
3/28	Committee Executive Action--Bill Concurred as Amended	17
3/28	Committee Report--Bill Concurred as Amended	
3/30	2nd Reading Concurred	89
3/31	3rd Reading Concurred	88
	Returned to Senate with Amendments	
4/03	2nd Reading House Amendments Concurred on Voice Vote	49
4/04	3rd Reading Passed as Amended by House	46
4/04	Sent to Enrolling	
4/06	Returned from Enrolling	
4/06	Signed by President	
4/09	Signed by Speaker	
4/10	Transmitted to Governor	

4/20 Signed by Governor
 4/20 Chapter Number Assigned
 Chapter Number 278
 Effective Date: 7/01/2001 - All Sections

SB 139 Introduced by Wells

LC0265 Drafter: Lane

Protect Minors from Obscenity over Internet in Libraries

12/20	Introduced		
1/03	First Reading		
1/03	Referred to Education and Cultural Resources		
1/05	Fiscal Note Requested		
1/10	Fiscal Note Received		
1/11	Fiscal Note Printed		
1/15	Hearing		
2/06	Revised Fiscal Note Requested		
2/06	Revised Fiscal Note Received		
2/06	Committee Executive Action--Bill Not Passed as Amended	6	8
2/06	Revised Fiscal Note Printed		
2/07	Committee Report--Bill Not Passed as Amended		
2/07	Adverse Committee Report Adopted	37	12
2/08	Rereferred to Education and Cultural Resources		
2/23	Missed Deadline for General Bill Transmittal		

SB 140 Introduced by Wells

LC0387 Drafter: Lane

Allow Parent Access to Child's Library Information

12/20	Introduced		
1/03	First Reading		
1/03	Referred to Education and Cultural Resources		
1/05	Fiscal Note Requested		
1/09	Fiscal Note Received		
1/09	Fiscal Note Signed		
1/10	Fiscal Note Printed		
1/15	Hearing		
1/29	Committee Executive Action--Bill Passed as Amended	8	6
1/29	Committee Report--Bill Passed as Amended		
1/31	2nd Reading Pass Motion Failed	22	25
1/31	2nd Reading Indefinitely Postponed	26	21
2/01	Reconsidered Previous Action; Placed on 2nd Reading	29	20
2/06	2nd Reading Pass as Amended Motion Failed	23	27
2/06	2nd Reading Indefinitely Postponed	32	18
2/23	Missed Deadline for General Bill Transmittal		

SB 141 Introduced by Stonington

LC0702 Drafter: Petesch

Employee Access to Personnel Files

12/20	Introduced		
12/28	Fiscal Note Requested		
1/03	First Reading		
1/03	Referred to Business and Labor		
1/04	Fiscal Note Received		
1/05	Fiscal Note Signed		
1/05	Fiscal Note Printed		
2/05	Hearing		
2/06	Committee Executive Action--Bill Passed as Amended	9	0
2/06	Committee Report--Bill Passed as Amended		
2/07	2nd Reading Passed	29	21
2/08	3rd Reading Passed	29	21

SENATE BILL NO. 138

INTRODUCED BY L. NELSON

BY REQUEST OF THE LOCAL GOVERNMENT FUNDING AND STRUCTURE COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE LAWS RELATING TO LOCAL GOVERNMENT ACCOUNTING, BUDGETING, AND FINANCIAL MATTERS; AMENDING SECTIONS 2-7-501, 2-7-503, 2-7-504, 2-7-505, 2-7-513, 2-9-316, 3-5-602, 3-5-901, 7-3-4432, 7-6-204, 7-6-602, 7-6-2111, 7-4-2514, 7-6-2113, 7-6-2202, 7-6-2521, 7-6-2524, 7-6-2601, 7-6-2602, 7-6-2607, 7-6-4302, 7-6-4501, 7-12-4181, 7-12-4183, 50-60-302, 53-2-322, AND 85-3-423, MCA; REPEALING SECTIONS 7-6-601, 7-6-603, 7-6-604, 7-6-2112, 7-6-2201, 7-6-2203, 7-6-2211, 7-6-2212, 7-6-2213, 7-6-2214, 7-6-2218, 7-6-2219, 7-6-2220, 7-6-2221, 7-6-2301, 7-6-2302, 7-6-2303, 7-6-2311, 7-6-2312, 7-6-2313, 7-6-2314, 7-6-2315, 7-6-2316, 7-6-2317, 7-6-2318, 7-6-2319, 7-6-2320, 7-6-2321, 7-6-2322, 7-6-2323, 7-6-2324, 7-6-2325, 7-6-2326, 7-6-2327, 7-6-2328, 7-6-2329, 7-6-2330, 7-6-2331, 7-6-2335, 7-6-2341, 7-6-2342, 7-6-2343, 7-6-2345, 7-6-2348, 7-6-2351, 7-6-2352, 7-6-2502, 7-6-2525, 7-6-2702, 7-6-4101, 7-6-4104, 7-6-4121, 7-6-4123, 7-6-4124, 7-6-4134, 7-6-4135, 7-6-4140, 7-6-4141, 7-6-4201, 7-6-4202, 7-6-4203, 7-6-4205, 7-6-4206, 7-6-4207, 7-6-4208, 7-6-4209, 7-6-4232, 7-6-4234, 7-6-4237, 7-6-4238, 7-6-4240, 7-6-4259, 7-6-4260, 7-6-4261, 7-6-4262, 7-6-4263, 7-6-4264, 7-6-4265, 7-6-4266, 7-6-4267, 7-6-4270, 7-6-4271, 7-6-4272, 7-6-4407, AND 7-6-4408, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Declaration of policy. (1) It is the policy of the state of Montana that all governmental accounting systems be established and maintained in accordance with generally accepted accounting principles that are nationally recognized as set forth by the governmental accounting standards board or its generally recognized successor.

(2) The codifications, pronouncements, and interpretations of the governmental accounting standards board or its generally recognized successor must be recognized as the primary authoritative reference for governmental accounting.

1

2 **NEW SECTION. Section 2. Fiscal year for local governments.** The fiscal year of local governments
3 commences on July 1 of each calendar year and ends on June 30 of the following calendar year.

4

5 **NEW SECTION. Section 3. Role of department of commerce.** (1) The department of commerce
6 shall prescribe for all local governments:

7 (a) general methods and details of accounting in accordance with generally accepted accounting
8 principles as provided in 2-7-504;

9 (b) uniform internal and interim reporting systems as part of the uniform reporting systems
10 provided for in 2-7-503;

11 (c) the form of the annual financial report as provided in 2-7-503; and

12 (d) general methods and details of accounting for the annual financial report as provided in
13 2-7-513.

14 (2) Local governments shall file with the department of commerce:

15 (a) an annual financial report within 6 months of the fiscal yearend; and

16 (b) an audit report within 12 months of the end of the audited period.

17

18 **NEW SECTION. Section 4. Additional records and reports.** (1) Subject to the resources and
19 means available to do so, the chief executive or governing body of a county or municipality may require
20 any elected or appointed local government official or employee to:

21 (a) maintain new or additional financial records;

22 (b) perform new or additional financial reconciliations; and

23 (c) submit new or additional financial reports.

24 (2) This part does not provide for the consolidation or reassignment of any duties of elected
25 county officials. Continuing county duties include but are not limited to the following:

26 (a) The county treasurer shall make a detailed monthly report to the governing body of the county
27 of all receipts, disbursements, debt, and other proceedings of the treasurer's office.

28 (b) The county clerk shall compile and present to the governing body of the county the annual
29 financial report provided for in [section 3(2)(a)].

30 (3) The designated county or municipal treasurer shall:

(a) receive, disburse, and serve as the custodian of all public money;

(b) provide for accountability of all local government cash receipts and for deposits and investments of all departments, offices, boards, special districts, and special authorities;

(c) pay out, in the order registered, all warrants presented for payment when there are funds in the treasury to pay the warrants; and

(d) require periodic departmental reports of money receipts and their disposition on forms that the designated county or municipal treasurer prescribes.

(4) All local governments other than consolidated governments, counties, and cities or towns:

(a) shall deposit all public money with the county or municipal treasurer within a month of receipt unless otherwise specifically authorized by law;

(b) may not maintain separate bank accounts unless specifically authorized by the county or municipal governing body;

(c) may not maintain separate investments.

(5) The governing body of a county or municipality shall direct the county or municipal treasurer to open separate accounts for the receipt of money for the governing body. Only the county or municipal treasurer may open an account for the receipt of local government money.

NEW SECTION. Section 5. Procedure to transfer funds. Money may not be transferred from one fund to another except by resolution of a county or municipal governing body unless the transfer is:

(1) previously authorized by a budget resolution;

(2) provided for by [section 6];

(3) made in the usual course of county or municipal business for:

(a) school transfers;

(b) tax increment finance districts;

(c) specialized tax situations;

(d) the purpose of distributing refunds, protested taxes, or interest charges for interest in lieu of registered warrants;

(e) bond sinking fund transfers;

(f) residual equity transfers;

(g) transfers of investments; or

- (h) corrections of errors; or
- (4) otherwise authorized by statute.

NEW SECTION. Section 6. Procedure to close inactive funds. A county or municipal governing body may transfer balances from inactive funds and close the inactive funds.

NEW SECTION. Section 7. Authorization to maintain petty cash fund. (1) A county or municipal governing body may set aside a sum out of the general fund, which must be known as a petty cash fund. The petty cash fund must be used for the purpose of paying incidental expenses, such as freight charges, express charges, postage, and other similar expenses that must be immediately paid in cash.

(2) In counties that have a county auditor, the county auditor is responsible for expenditures from the petty cash fund. In counties that do not have a county auditor, the county clerk is responsible for expenditures from the petty cash fund.

NEW SECTION. Section 8. Capital improvement program. A county or municipal governing body may provide for a capital improvement program for the replacement, improvement, and acquisition of property, facilities, or equipment that costs in excess of \$5,000 and that has a life expectancy of 5 years or more. The capital improvement program must be formally adopted by the county or municipal governing body. The capital improvement program may receive funds from up to 10% of one or more property tax levies and may receive funds from any source.

NEW SECTION. Section 9. Short title -- applicability. (1) [Sections 9 through 32] may be referred to as the "Local Government Budget Act".

(2) [Sections 9 through 32] apply to all local governments.

NEW SECTION. Section 10. Definitions. As used in [sections 9 through 32], unless the context requires otherwise, the following definitions apply:

(1) "Governing body" means the elected body responsible for the administration of a local government.

(2) "Local government" has the meaning provided in 7-6-602.

(3) "Municipality" means an incorporated city or town.

(4) "Working capital" means the current assets of a fund minus the current liabilities and designated reserves of a fund.

NEW SECTION. Section 11. Budget and levies supplied to department of commerce. (1) A local government shall submit a complete copy of the final budget together with a statement of tax levies to the department of commerce by the later of October 1 or 60 days after receipt of taxable values from the department of revenue. The county clerk and recorder shall make this submission for counties.

(2) The local government shall use standard forms prescribed by the department of commerce or may use an alternative budget format acceptable to the department of commerce.

NEW SECTION. Section 12. Budget fund structure. Local government budgets must conform to the fund structure prescribed by the department of commerce.

NEW SECTION. Section 13. Expenditures limited to appropriations. (1) Local government officials may not make a disbursement or an expenditure or incur an obligation in excess of the total appropriations for a fund.

(2) A local government official who violates subsection (1) is liable for the amount of the excess disbursement, expenditure, or obligation personally and upon the official's bond.

(3) The subsequent claims approval process may not be considered as the making of a disbursement or an expenditure or as incurring an obligation and does not otherwise limit or mitigate the local government official's personal liability.

NEW SECTION. Section 14. Appropriation power -- requirements. (1) A governing body may appropriate money and provide for the payment of the debts and expenses of the local government.

(2) Money may not be disbursed, expended, or obligated except pursuant to an appropriation for which working capital is or will be available.

(3) Appropriations may be adjusted according to procedures authorized by the governing body for:

(a) debt service funds for obligations related to debt approved by the governing body;

(b) trust funds for obligations authorized by trust covenants;

- 1 (c) any fund for federal, state, local, or private grants and shared revenue accepted and approved
2 by the governing body;
- 3 (d) any fund for special assessments approved by the governing body;
- 4 (e) any fund for gifts or donations; and
- 5 (f) money borrowed during the fiscal year.

6

7 **NEW SECTION. Section 15. Use of bond proceeds and borrowed money.** (1) Except as otherwise
8 provided by law, money borrowed by a local government may be used only for the purpose for which the
9 money was borrowed. Unless restricted by law, surplus borrowed money may be used to redeem the debt
10 for which the money was borrowed.

11 (2) The authorization of bonds by the electors or the governing body constitutes the appropriation
12 of the bond proceeds for the purpose for which the bonds are authorized.

13

14 **NEW SECTION. Section 16. Fee based budgets -- adjustable appropriation.** (1) In its final budget
15 resolution, the governing body may authorize adjustments to appropriations funded by fees throughout the
16 budget period. Adjustable appropriations are:

17 (a) proprietary fund appropriations; or

18 (b) other appropriations specifically identified in the local government's final budget resolution as
19 fee-based appropriations.

20 (2) Adjustments of fee-based appropriations must be:

21 (a) based upon the cost of providing the services supported by the fee; and

22 (b) fully funded by the related fees for services, fund reserves, or nonfee revenue such as interest.

23

24 **NEW SECTION. Section 17. Fees for services -- hearing and resolution.** (1) If a local government
25 has the authority to regulate, establish, and change fees, rates, charges, and classifications that are
26 imposed for services to its inhabitants and other persons served by the local government, the fees, rates,
27 charges, and classifications must be reasonable and related to the cost of providing the service.

28 (2) Charges for services must comply with Title 17, chapter 2, part 3, and other applicable
29 statutes.

30 (3) In order to establish or change fees, rates, charges, or classifications imposed for services, the

governing body shall order a hearing to be held as provided in 7-1-4131, unless a special hearing process is provided by law. Municipal utility rate hearings must be held as provided in 69-7-112.

(4) Notice of a hearing must be published as provided in 7-1-2121 for a county and as provided in 7-1-4127 and 7-1-4128 for a municipality.

(5) After a hearing, the fees, rates, charges, or classifications must be established by resolution of the governing body.

NEW SECTION. Section 18. Restriction on tax-financed expenditures if voter approval required.

If an expenditure is to be financed from a tax levy required to be authorized and approved at an election, the expenditure may not be made or an obligation may not be incurred against the expenditure until the tax levy is authorized and approved.

NEW SECTION. Section 19. Payments for judgments. (1) Judgments against a local government

that are not covered by insurance may be paid:

(a) from the general fund; or

(b) from the fund or funds supporting the local government operation that incurred the judgment.

(2) Judgments that are to be paid from the general fund:

(a) must be paid in the current fiscal year if there is sufficient money in the general fund to pay both the judgment and the general fund appropriations for the current fiscal year; or

(b) must be paid from additional tax levies made in each of the next 3 years if general fund money is insufficient to pay the judgment in the current fiscal year.

NEW SECTION. Section 20. Preliminary annual operating budget. (1) A preliminary annual

operating budget must be prepared for the local government.

(2) [Sections 9 through 32] do not provide for the consolidation or reassignment of any duties of elected county officials.

(3) (a) Before June 1 of each year, the county clerk and recorder shall notify the county commission and each board, office, or official that they are required to file preliminary budget proposals for their component of the total county budget.

(b) Component budgets must be submitted to the clerk and recorder before June 10th or on a date

1 designated by the county commission and must be submitted on forms provided by the county clerk and
2 recorder.

3 (c) The county clerk and recorder shall prepare and submit the county's preliminary annual
4 operating budget.

5 (d) Component budget responsibilities as provided in this subsection (3) include but are not limited
6 to the following:

7 (i) The county surveyor and any special engineer shall compute road and bridge component
8 budgets and submit them to the county commission.

9 (ii) The county commission shall submit road and bridge component budgets.

10 (iii) The county treasurer shall submit debt service component budgets.

11 (iv) The county commission shall submit component budgets for construction or improvements to
12 be made from new general obligation debt.

13 (4) The preliminary annual operating budget for each fund must include, at a minimum:

14 (a) a listing of all revenue and other resources for the prior budget year, current budget year, and
15 proposed budget year;

16 (b) a listing of all expenditures for the prior budget year, the current budget year, and the proposed
17 budget year. All expenditures must be classified under one of the following categories:

18 (i) salaries and wages;

19 (ii) operations and maintenance;

20 (iii) capital outlay;

21 (iv) debt service; or

22 (v) transfers out.

23 (c) a projection of changes in fund balances or cash balances available for governmental fund
24 types and a projection of changes in cash balances and working capital for proprietary fund types. This
25 projection must be supported by a summary for each fund or group of funds listing the estimated beginning
26 balance plus estimated revenue, less proposed expenditures, cash reserves, and estimated ending
27 balances.

28 (d) a detailed list of proposed capital expenditures and a list of proposed major capital projects for
29 the budget year;

30 (e) financial data on current and future debt obligations;

(f) schedules or summary tables of personnel or position counts for the prior budget year, current budget year, and proposed budget year. The budgeted amounts for personnel services must be supported by a listing of positions, salaries, and benefits for all positions of the local government. The listing of positions, salaries, and benefits is not required to be part of the budget document.

(g) all other estimates that fall under the purview of the budget.

(5) The preliminary annual operating budget for each fund for which the local government will levy an ad valorem property tax must include the estimated amount to be raised by the tax.

NEW SECTION. Section 21. Notice of preliminary budget. (1) The governing body shall cause a notice of a public hearing on the preliminary budget to be published. The notice must:

(a) provide that the governing body has completed its preliminary annual budget for the ensuing fiscal year;

(b) state that the budget has been placed on file and is open to inspection in the county or municipal office designated in the notice;

(c) designate the date, time, and place of the meeting at which the governing body will meet for approving a final budget and making appropriations; and

(d) state that any taxpayer or resident may appear at the meeting and be heard for or against any part of the proposed budget.

(2) The publication requirements must conform to the provisions of 7-1-2121 for a county or 7-1-4127 and 7-1-4128 for a municipality.

NEW SECTION. Section 22. District court budgets. (1) The district court must be provided with copies of the preliminary county budget and the budget hearing notice as soon as it is available.

(2) The district court fund may be used only for district court operations and expenses.

NEW SECTION. Section 23. State grants to district courts -- rules. (1) To the extent funds are available after expenses provided for in 3-5-901 are funded, the state shall make grants to the governing body of a county for the district courts, as provided in this section.

(2) The governing body of a county may apply to the supreme court administrator for a grant by filing a written request on forms provided by the administrator by August 20 for the previous fiscal year

1 unless, upon the request of the county, the administrator grants a time extension. In its request for a
2 grant, a county shall certify that:

3 (a) all expenditures from the district court fund have been lawfully made;

4 (b) transfers from the district court fund have not been or will not be made to any other fund; and

5 (c) expenditures have not been made from the district court fund that are not specifically
6 authorized by [section 22] and 7-6-2511.

7 (3) To the extent that funds are available, the state shall award a grant if the county's district
8 court expenditures for the previous fiscal year exceeded the sum of:

9 (a) the product of the maximum mill levy authorized by law for district court purposes, whether
10 or not assessed, multiplied by the previous year's taxable valuation of the county; and

11 (b) all revenue, except district court grants, required by law to be deposited in the district court
12 fund for the previous fiscal year.

13 (4) Eligible court expenditures for grant purposes include all costs of the county associated with
14 the operation and maintenance of the district court, except building costs, costs for capital items, and
15 costs for library maintenance, replacement, and acquisitions.

16 (5) The supreme court administrator shall notify each eligible county as soon as possible of the
17 state's intention to award a grant to that county and the amount of the award.

18 (6) The grant received by the county must be placed in the district court fund.

19 (7) If an audit conducted pursuant to 2-7-503 discloses that the county received a grant in excess
20 of the amount for which it was eligible, the county shall repay the excess to the state. The supreme court
21 administrator shall redistribute any repaid excess amounts to the other counties that received grants from
22 the appropriation from which the overpayment was made, on the same basis as the original awards. A
23 county is not eligible for a district court grant if it owes the state a refund of a prior year's overpayment.

24 (8) The supreme court administrator, in consultation with the supreme court, shall prescribe rules
25 and forms necessary to effectively administer this section. The administrator may require a county to
26 provide any information considered necessary for the administration of the program.

27

28 **NEW SECTION. Section 24. Hearing on preliminary budget.** (1) The governing body shall hold a
29 hearing in accordance with the notice given pursuant to [section 21].

30 (2) Local government officials shall attend the budget hearing to answer questions on their

1 proposed budgets if called upon:

- 2 (a) by the governing body; or
- 3 (b) by a taxpayer or resident.

4 (3) The hearing may be continued from day to day and must be concluded and the budget finally
5 approved and adopted by resolution by the later of the second Monday in August or within 45 calendar
6 days of receiving certified taxable values from the department of revenue.

7
8 **NEW SECTION. Section 25. Receipt and expenditure of money prior to adoption of final budget.** A
9 local government may receive and expend money between July 1 of the fiscal year and the date the final
10 budget resolution is adopted.

11
12 **NEW SECTION. Section 26. Final budget -- resolution -- appropriations.** (1) The governing body
13 may amend the preliminary budget after the public hearing and after considering any public comment.
14 (2) The amended budget constitutes the final budget. The final budget must be balanced so that
15 appropriations do not exceed the projected beginning balance plus the estimated revenue of each fund for
16 the fiscal year.

17 (3) The governing body shall adopt the final budget by resolution. The resolution must:
18 (a) authorize appropriations to defray the expenses or liabilities for the fiscal year; and
19 (b) establish legal spending limits at the level of detail in the resolution.
20 (4) The effective date of the resolution is July 1 of the fiscal year, even if the resolution is adopted
21 after that date.

22
23 **NEW SECTION. Section 27. Budget amendment procedures.** (1) The final budget resolution may
24 authorize the governing body or a designated official to transfer appropriations between items within the
25 same fund.

26 (2) The annual budget appropriations may be amended as provided in [sections 14(3) and 16].
27 (3) Except as provided in [sections 14 through 16, 19, and 28] or in the case of an emergency
28 under Title 10, chapter 3, a public hearing is required for an overall increase in appropriation authority.

29
30 **NEW SECTION. Section 28. Emergency expenditures.** (1) Emergency budget appropriations must

1 be adopted by two-thirds of the members of a governing body who are present at a meeting.

2 (2) Emergency expenditures are limited to and must be charged to the adopted emergency budget
3 appropriations.

4 (3) The governing body may submit the question of funding emergency warrants at an election
5 as provided by law.

6

7 NEW SECTION. **Section 29. Expenditure limitation.** Except as provided in [sections 14 through
8 16, 19, and 28], the governing body and each county or municipal official are limited to the amount of
9 appropriations and by the classifications in the annual appropriation resolution provided for in [section 26]
10 when making disbursements or expenditures or incurring liabilities.

11

12 NEW SECTION. **Section 30. Determination of fund requirements -- property tax levy.** After
13 determining the final budget, the governing body shall determine the property tax levy needed for each
14 fund by:

15 (1) adding the total amount of the appropriations and authorized expenditures for the budget year;

16 (2) adding a reserve for cash flow, which may not exceed 50% of total appropriations for each
17 fund;

18 (3) subtracting the working capital; and

19 (4) subtracting the total estimated revenue, other than the property tax levy, for the budget year.

20

21 NEW SECTION. **Section 31. Tax levies for boards and commissions -- bond exemption.** (1) The
22 proposed budget and mill levy for each board, commission, or other governing entity are subject to
23 approval by the governing body.

24 (2) Except for a port authority created under Title 7, chapter 14, part 11, the taxes, revenue, or
25 fees legally pledged for the payment of debt are not subject to approval by the governing body.

26 (3) Except for judgment levies under 2-9-316 or [section 19], all tax levies are subject to
27 15-10-420.

28

29 NEW SECTION. **Section 32. Fixing tax levy.** (1) The governing body shall fix the tax levy for each
30 taxing jurisdiction within the county or municipality:

(a) by the later of the second Monday in August or within 45 calendar days after receiving certified taxable values;

(b) after the approval and adoption of the final budget; and

(c) at levels that will balance the budgets as provided in [section 30].

(2) Each levy:

(a) must be made in the manner provided by 15-10-201; and

(b) except for a judgment levy under 2-9-316 or [section 19], is subject to 15-10-420.

Section 33. Section 2-7-501, MCA, is amended to read:

"2-7-501. Definitions. Unless the context requires otherwise, in this part, the following definitions apply:

(1) "Audit" means a financial audit and includes financial statement and financial-related audits as defined by government auditing standards as established by the U.S. comptroller general.

(2) "Board" means the Montana board of public accountants provided for in 2-15-1866.

(3) "Department" means the department of commerce.

(4) (a) "Financial assistance" means assistance provided by a federal, state, or local government entity to a local government entity or subrecipient to carry out a program. Financial assistance may be in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, direct appropriations, or other noncash assistance. Financial assistance includes awards received directly from federal and state agencies or indirectly when subrecipients receive funds identified as federal or state funds by recipients. The granting agency is responsible for identifying the source of funds awarded to recipients. The recipient is responsible for identifying the source of funds awarded to subrecipients.

(b) Financial assistance does not include direct federal, state, or local government cash assistance to individuals.

(5) "Financial report" means a presentation of financial statements, including applicable supplemental notes and supplemental schedules, that are prepared in a format published by the department using the Budgetary Accounting and Reporting System for Montana Cities, Towns, and Counties Manual and that reflect a current financial position and the operating results for the 1-year reporting period.

(6) "Independent auditor" means:

1 (a) a federal, state, or local government auditor who meets the standards specified in the
2 government auditing standards; or

3 (b) a licensed accountant who meets the standards in subsection (6)(a).

4 (7) (a) "Local government entity" means a county, city, district, or public corporation that:

5 (i) has the power to raise revenue for the purpose of serving the general public;

6 (ii) is governed by a board, commission, or individual elected or appointed by the public or
7 representatives of the public; and

8 (iii) receives local, state, or federal financial assistance.

9 (b) Local government entities include but are not limited to:

10 (i) airport authority districts;

11 (ii) cemetery districts;

12 (iii) counties;

13 (iv) county housing authorities;

14 (v) county road improvement districts;

15 (vi) county sewer districts;

16 (vii) county water districts;

17 (viii) county weed control districts;

18 (ix) drainage districts;

19 (x) fire department relief associations;

20 (xi) fire districts;

21 (xii) hospital districts;

22 (xiii) incorporated cities or towns;

23 (xiv) irrigation districts;

24 (xv) mosquito districts;

25 (xvi) municipal housing authority districts;

26 (xvii) port authorities;

27 (xviii) refuse disposal districts;

28 (xix) rural improvement districts;

29 (xx) school districts including a district's extracurricular funds;

30 (xxi) soil conservation districts;

(xxii) special education or other cooperatives;

(xxiii) television districts;

(xxiv) urban transportation districts;

(xxv) volunteer fire departments; ~~and~~

(xxvi) water conservancy districts; and

(xxvii) other miscellaneous and special districts.

(8) "Revenues" means all receipts of a local government entity from any source excluding the proceeds from bond issuances."

Section 34. Section 2-7-503, MCA, is amended to read:

"2-7-503. Financial reports and audits of local government entities ~~---exception.~~ (1) The governing body or managing or executive officer of a local government entity, other than a school district or associated cooperative, shall ensure that a financial report is made every year. A school district or associated cooperative shall comply with the provisions of 20-9-213. The financial report must cover the preceding fiscal year, be in a form prescribed by the department, and be completed within 6 months of the end of the reporting period. The local government entity shall submit the financial report to the department for review.

(2) The department shall prescribe a uniform reporting system for all local government entities subject to financial reporting requirements, other than school districts. The superintendent of public instruction shall prescribe the reporting requirements for school districts.

(3) (a) The governing body or managing or executive officer of each local government entity receiving revenue or financial assistance in the period covered by the financial report in excess of \$200,000 shall cause an audit to be made at least every 2 years. The audit must cover the entity's preceding 2 fiscal years. The audit must commence within 9 months from the close of the last fiscal year of the audit period. The audit must be completed and submitted to the department for review within 1 year from the close of the last fiscal year covered by the audit.

(b) The governing body or managing or executive officer of a local government entity that does not meet the criteria established in subsection (3)(a) shall at least once every 4 years, if directed by the department, or, in the case of a school district, if directed by the department at the request of the superintendent of public instruction, cause a financial review, as defined by department rule, to be

1 conducted of the financial statements of the entity for the preceding fiscal year.

2 (4) An audit conducted in accordance with this part is in lieu of any financial or financial and
3 compliance audit of an individual financial assistance program that a local government is required to
4 conduct under any other state or federal law or regulation. If an audit conducted pursuant to this part
5 provides a state agency with the information that it requires to carry out its responsibilities under state
6 or federal law or regulation, the state agency shall rely upon and use that information to plan and conduct
7 its own audits or reviews in order to avoid a duplication of effort.

8 (5) In addition to the audits required by this section, the department may at any time conduct or
9 contract for a special audit or review of the affairs of any local government entity referred to in this part.
10 The special audit or review must, to the extent practicable, build upon audits performed pursuant to this
11 part.

12 (6) The fee for the special audit or review must be a charge based upon the costs incurred by the
13 department in relation to the special audit or review. The audit or review fee must be paid by the local
14 government entity to the state treasurer and must be deposited in the enterprise fund to the credit of the
15 department.

16 ~~(7) Subsections (1) through (3) do not apply to a local government entity that has adopted the~~
17 ~~alternative accounting method provided for in Title 7, chapter 6, part 6.~~

18 (7) The department may perform or contract for up to 20 selected audits or reviews each year.
19 These audits or reviews may be based upon requests that raise concerns regarding proper accounting, a
20 random selection process, or other criteria established by the department. The \$200,000 financial report
21 requirement in subsection (3)(a) does not apply to the selected audits or reviews. The audits or reviews
22 conducted under this subsection must be paid for by the state from an appropriation made for the purpose
23 of implementing this subsection."

24
25 **Section 35.** Section 2-7-504, MCA, is amended to read:

26 **"2-7-504. Accounting methods --exception.** (1) Unless otherwise required by law, the department
27 shall prescribe by rule the general methods and details of accounting for the receipt and disbursement of
28 all money belonging to local government entities and shall establish in those offices general methods and
29 details of accounting. All local government entity officers shall conform with the accounting standards
30 prescribed by the department.

(2) ~~This section does not apply to a local government entity that has adopted the alternative accounting method provided for in Title 7, chapter 6, part 6. The rules adopted by the department must be in accordance with generally accepted accounting principles established by the governmental accounting standards board or its generally recognized successor.~~"

Section 36. Section 2-7-505, MCA, is amended to read:

"2-7-505. Audit scope and standards. (1) Each audit must be a comprehensive audit of the affairs of the local government entity and must be made in accordance with auditing standards and in accordance with federal regulations adopted by the department by rule.

(2) The department, with cooperation from state agencies, shall prepare a local government compliance supplement that contains state and federal regulations applicable to local government entities. Auditors shall use the compliance supplement adopted pursuant to this section in conjunction with government auditing standards adopted by the department to determine the compliance testing to be performed during an audit.

(3) When auditing a county or a consolidated government auditors shall perform tests for compliance with state laws relating to receipts and disbursements of agency funds maintained by the entity. Findings related to compliance tests must be reported in accordance with the reporting standards for financial audits prescribed in government auditing standards adopted by the department."

Section 37. Section 2-7-513, MCA, is amended to read:

"2-7-513. Content of audit report and financial report —exception. (1) The audit reports must comply with the reporting requirements of government auditing standards issued by the U.S. comptroller general and federal regulations adopted by department rule.

(2) ~~(a)~~ The department shall prescribe general methods and details of accounting for the financial report for local government entities other than schools. The financial report must be submitted in a form required by the department. The superintendent of public instruction shall prescribe the general methods and details of accounting for financial reports for schools.

~~(b) Subsection (2)(a) does not apply to a local government entity that has adopted the alternative accounting method provided for in Title 7, chapter 6, part 6."~~

1 **Section 38.** Section 2-9-316, MCA, is amended to read:

2 **"2-9-316. Judgments against governmental entities ~~except state~~.** ~~Except as provided in 15-1-402,~~

3 ~~a~~ A political subdivision of the state shall satisfy a final judgment or settlement out of funds that may be
4 available from the following sources:

5 (1) insurance;

6 (2) the general fund or any other funds legally available to the governing body;

7 (3) a property tax, otherwise properly authorized by law, collected by a special levy authorized
8 by law, in an amount necessary to pay any unpaid portion of the judgment or settlement, ~~except that the~~
9 ~~levy may not exceed 10 mills;~~

10 (4) proceeds from the sale of bonds issued by a county, city, or school district for the purpose
11 of deriving revenue for the payment of the judgment or settlement liability. The governing body of a
12 county, city, or school district may issue bonds pursuant to procedures established by law. Property taxes
13 may be levied to amortize the bonds, ~~provided the levy for payment of any bonds, settlements, or~~
14 ~~judgments may not exceed, in the aggregate, 10 mills annually."~~

15
16 **Section 39.** Section 3-5-602, MCA, is amended to read:

17 **"3-5-602. Salary and expenses -- apportionment.** (1) Each reporter is entitled to receive a base

18 annual salary of not less than \$28,000 or more than \$35,000 and no other compensation, except as
19 provided in 3-5-604, unless the judge decides to solicit bids for the work performed by the reporter, in
20 which case the salary must be for the amount specified in the bid accepted by the judge. The salary must
21 be set by the judge for whom the reporter works. The salary is payable in monthly installments out of the
22 general funds of the counties composing the district for which the reporter is appointed and out of an
23 appropriation made to the supreme court administrator as provided in subsection (2).

24 (2) The supreme court administrator shall determine the total number of civil and criminal actions
25 commenced in the preceding year in the district court or courts in the judicial district for which a reporter
26 is appointed. The state shall pay its portion of the reporter's salary based on the proportion of the total
27 number of criminal actions commenced in the district court or courts in the district and the amount
28 appropriated for that purpose. Each county shall pay its portion of the remainder of the salary based on
29 its proportion of the total number of civil and criminal actions commenced in the district courts in the
30 district. The judge or judges of the district shall, on January 1 of each year or as soon thereafter as

possible, apportion the amount of the salary to be paid by each county in the district on the basis prescribed in this subsection. The portion of the salary payable by a county is a district court expense within the meaning of ~~7-6-2351, 7-6-2352, and 7-6-2511~~.

(3) In judicial districts comprising more than one county, the reporter is allowed, in addition to the salary and fees provided for in subsection (1), actual and necessary travel expenses, as defined and provided in 2-18-501 through 2-18-503, when on official business to a county of the reporter's judicial district other than the county in which the reporter resides. The expenses must be apportioned and are payable in the same way as the salary."

Section 40. Section 3-5-901, MCA, is amended to read:

"3-5-901. State assumption of certain district court expenses -- designation as district court reimbursement program. (1) To the extent that revenue is available under 61-3-509, the state shall fund:

(a) the following district court expenses in criminal cases only:

(i) salaries of court reporters;

(ii) fees for transcripts of proceedings;

(iii) witness fees and necessary expenses;

(iv) juror fees;

(v) expenses for indigent defense; and

(vi) expenses for psychiatric examinations;

(b) the district court expenses, as listed in subsection (1)(a), in all postconviction proceedings held pursuant to Title 46, chapter 21, and in all habeas corpus proceedings held pursuant to Title 46, chapter 22, and appeals from those proceedings;

(c) the following expenses incurred by the state in federal habeas corpus cases that challenge the validity of a conviction or of a sentence:

(i) transcript fees;

(ii) witness fees; and

(iii) expenses for psychiatric examinations; and

(d) the following expenses incurred by the state in a proceeding held pursuant to Title 41, chapter 3, part 4 or 6, that seeks temporary investigative authority of a youth, temporary legal custody of a youth, or termination of the parent-child legal relationship and permanent custody:

- 1 (i) transcript fees;
- 2 (ii) witness fees;
- 3 (iii) expenses for medical and psychological evaluation of a youth or the youth's parent, guardian,
- 4 or other person having physical or legal custody of the youth except for expenses for services that a
- 5 person is eligible to receive under a public program that provides medical or psychological evaluation;
- 6 (iv) expenses associated with appointment of a guardian ad litem or child advocate for the youth;
- 7 (v) expenses for appointed counsel for the youth;
- 8 (vi) expenses for appointed counsel for the parent, guardian, or other person having physical or
- 9 legal custody of the youth; and
- 10 (vii) expenses associated with court-ordered alternative dispute resolution.

11 (2) If revenue received under 61-3-509 exceeds the amount appropriated by the legislature to fund

12 the expenses of the appellate defender program, the excess amount is statutorily appropriated, as provided

13 in 17-7-502, to the supreme court to fund the expenses described in subsections (1)(a) through (1)(d) of

14 this section, the district court grant program as described in subsection (4)(a) of this section, and the costs

15 of administering this section.

16 (3) All revenue disbursed under this section must be deposited in and credited to the district court

17 fund. If a district court fund does not exist, the revenue must be deposited in the county general fund for

18 district court operations.

19 (4) If money appropriated for the expenses listed in subsection (1):

20 (a) exceeds the amount necessary to fully fund those expenses, the remaining excess amounts

21 must be used for district court grants as provided in ~~7-6-2352~~ section 23; or

22 (b) is insufficient to fully fund those expenses, the county is responsible for payment of the

23 balance."

24

25 **Section 41.** Section 7-3-4432, MCA, is amended to read:

26 **"7-3-4432. Accounting procedures.** Accounting ~~procedure shall~~ procedures must be devised and

27 maintained for the municipality; that are adequate to record in detail all transactions affecting the

28 acquisition, custodianship, and disposition of values, including cash receipts and disbursements. The

29 accounting procedures must conform to the methods and standards provided for in 2-7-504 and Title 7,

30 chapter 6, part 6. The recorded facts ~~shall~~ must be presented periodically to officials and to the public

1 in such summaries and analytical schedules in detailed support thereof as of the summaries that may be
2 necessary to show the full effect of such the transactions for each fiscal year upon the finances of the
3 municipality and in relation to each department of the municipal government, including distinct summaries
4 and schedules for each publicly owned and operated utility."

5
6 **Section 42.** Section 7-6-204, MCA, is amended to read:

7 **"7-6-204. Crediting of interest.** (1) Unless otherwise provided by law or by the terms of a gift,
8 grant, or donation, interest paid and collected on deposits or investments must be credited to the general
9 fund of the county, city, or town to whose credit the funds are deposited.

10 (2) Interest paid and collected on the deposits or investments of the funds of a volunteer fire
11 district or department organized in an unincorporated area under Title 7, chapter 33, part 21 or 23, must
12 be credited to the account of that fire district or department.

13 (3) Interest paid and collected on the deposits or investments of the county road fund or county
14 bridge fund may be credited to the county road fund or county bridge fund."

15
16 **Section 43.** Section 7-6-602, MCA, is amended to read:

17 **"7-6-602. Definition.** For Except as provided in subsection (1)(c), for the purposes of this part,
18 the following definitions apply:

19 (1) (a) "Local "Local government entity" means a consolidated city-county government, or a
20 county, or an incorporated city or town, a district, or a public corporation that:

21 (i) has the power to raise revenue for the purpose of serving the general public;

22 (ii) is governed by a board, commission, or individual elected or appointed by the public or
23 representatives of the public; and

24 (iii) receives local, state, or federal financial funds.

25 (b) Local governments include but are not limited to:

26 (i) airport authority districts;

27 (ii) cemetery districts;

28 (iii) cooperatives;

29 (iv) county housing authorities;

30 (v) county road improvement districts;

- 1 (vi) county sewer districts;
- 2 (vii) county water districts;
- 3 (viii) county weed control districts;
- 4 (ix) drainage districts;
- 5 (x) fire department relief associations;
- 6 (xi) fire districts;
- 7 (xii) hospital districts;
- 8 (xiii) irrigation districts;
- 9 (xiv) mosquito districts;
- 10 (xv) municipal housing authority districts;
- 11 (xvi) port authorities;
- 12 (xvii) refuse disposal districts;
- 13 (xviii) rural improvement districts;
- 14 (xix) soil conservation districts;
- 15 (xx) television districts;
- 16 (xxi) urban transportation districts;
- 17 (xxii) volunteer fire departments;
- 18 (xxiii) water conservancy districts; and
- 19 (xxiv) other miscellaneous and special districts.

20 (c) The term does not include:

- 21 (i) school districts, including a district's extracurricular funds; or
- 22 (ii) special education cooperatives.

23 (2) "Public money" means all cash and financial instruments received by any local government or
24 any local government official or employee that are derived from or received for the benefit of a local
25 government service. The term includes gifts, grants, and donations."

26
27 **Section 44.** Section 7-6-2111, MCA, is amended to read:

28 **"7-6-2111. Duties of county treasurer.** ~~††~~ The county treasurer shall:

29 ~~††~~ (1) must receive all money belonging to the county and all other money directed to be paid to
30 the treasurer by law, safely keep the money, ~~and~~ apply and pay the money out, and account for the money

as required by law;

~~(b)(2)~~ shall keep an account of the receipt and expenditures of the money in books provided for the purpose, in which must be entered:

~~(i)(a)~~ the amount; and the time when, from whom, and on what account all money was received;

~~(ii)(b)~~ the amount; and time when, to whom, and on what account all disbursements were made;

~~(c)(3)~~ shall keep books so that the amounts received and paid out on account of separate funds or specific appropriations are exhibited in separate and distinct accounts, with the whole receipts and expenditures shown in one general or cash account;

~~(d)~~ may not enter money received for the current year on the treasurer's account with the county for the past fiscal year until after the treasurer's annual settlement for the past year has been made with the county clerk;

~~(e)(4)~~ shall disburse the county money only on county warrants issued by the county clerk, based on orders of the board of county commissioners, or as otherwise provided by law.

~~(2)~~ This section does not apply to a county that has adopted the alternative accounting method provided for in Title 7, chapter 6, part 6."

Section 45. Section 7-4-2514, MCA, is amended to read:

"7-4-2514. Filing required to receive salary. The board of county commissioners ~~must~~ may not order the payment of the salary of any ~~such~~ officer until ~~he~~ the officer has filed the duplicate receipt with the county clerk, properly signed by the treasurer, showing that ~~he~~ the officer has made the statement and settlement for that month; as required in this part; ~~and filed the report prescribed in 7-6-2213.~~"

Section 46. Section 7-6-2113, MCA, is amended to read:

"7-6-2113. Effect of failure to make treasurer's report. If ~~any~~ a county treasurer neglects or refuses to settle or report as required in ~~7-6-2112~~ [section 4], ~~he~~ the county treasurer forfeits and ~~must~~ shall pay to the county the sum of \$500 for ~~every such~~ each neglect or refusal. The board of county commissioners ~~must~~ shall institute suits for the recovery ~~thereof~~ of the sum."

Section 47. Section 7-6-2202, MCA, is amended to read:

"7-6-2202. Duties of county clerk related to finance --exception. (1) The county clerk shall draw

1 warrants on the county treasury in favor of all persons entitled to the warrants in payment:

2 (a) of all claims and demands chargeable against the county ~~which~~ that have been legally
3 examined, allowed, and ordered paid by the board of county commissioners; and

4 (b) for all debts and demands against the county when the amounts are fixed by law and are not
5 directed to be audited by some other person or tribunal.

6 (2) The county clerk shall keep accounts current with the treasurer. When any person deposits
7 with the county treasurer any money paid into the treasury, the county clerk must be furnished by the
8 treasurer with a duplicate of the receipt issued to the person. The duplicate receipt must be filed in the
9 office of the county clerk, and the county clerk shall charge the treasurer with the amount of the deposit.

10 (3) The county clerk shall make the annual statement ~~as prescribed in 7-6-2203~~ prescribed by the
11 department of commerce.

12 ~~(4) This section does not apply to a county that has adopted the alternative accounting method~~
13 ~~provided for in Title 7, chapter 6, part 6."~~

14

15 **Section 48.** Section 7-6-2521, MCA, is amended to read:

16 **"7-6-2521. All-purpose levy authorized for counties.** A county may at its option levy an
17 all-purpose levy as provided in 7-6-2521 through 7-6-2524 and 7-6-2526."

18

19 **Section 49.** Section 7-6-2524, MCA, is amended to read:

20 **"7-6-2524. Changes from all-purpose levy.** A county adopting the all-purpose levy provided for
21 in 7-6-2521 through 7-6-2524 and 7-6-2526 is bound by that adoption during the ensuing fiscal year but
22 may abandon the method in succeeding fiscal years."

23

24 **Section 50.** Section 7-6-2601, MCA, is amended to read:

25 **"7-6-2601. Details related to county warrants -- definition.** (1) Warrants issued pursuant to
26 7-6-2202(1) ~~shall~~ must be signed by the county clerk and the ~~chairman~~ presiding officer of the board of
27 county commissioners, except warrants drawn on the redemption fund.

28 (2) All warrants issued by the county clerk during each year, commencing with the first Monday
29 in January, must be numbered consecutively. The number, date, and amount of each ~~and warrant,~~ warrant, the
30 name of the person to whom it is payable, and the purpose for which it is drawn must be stated thereon."

1 ~~on the warrant. and the warrants~~ Warrants must, at the time they are issued, be registered by ~~him~~ the
2 county clerk.

3 (3) Warrants drawn by order of the board on the county treasury for the current expenses during
4 each year must specify the liability for which they are drawn and when the liability accrued.

5 (4) For the purposes of this part, "warrant" includes a check and an electronic funds transfer."

6
7 **Section 51.** Section 7-6-2602, MCA, is amended to read:

8 **"7-6-2602. Payment of warrants.** ~~(1) When a warrant is presented for payment, if there is money~~
9 ~~in the treasury for that purpose, the county treasurer must pay the same, write on the face thereof "Paid"~~
10 ~~and the date of payment, and sign his name thereto. Warrants must be paid in the order of presentation~~
11 ~~to the treasurer.~~

12 ~~—— (2) The county treasurer must~~ may not pay any order or warrant except to the payee ~~thereof~~ of
13 the warrant or to ~~his~~ the payee's agent, assignee, or legal representative, whose authority must be in
14 writing and delivered to ~~him~~ the county treasurer. ~~and~~ The written authority must be returned with ~~such~~
15 the order or warrant, when paid, to the board of county commissioners."

16
17 **Section 52.** Section 7-6-2607, MCA, is amended to read:

18 **"7-6-2607. Examination and processing** Processing of warrants. ~~(1) The board, at its annual March~~
19 ~~session or more often if necessary, must examine the county warrants returned by the county treasurer~~
20 ~~by comparing each warrant with the record of warrants issued in the county clerk's office.~~

21 ~~(2)(1)~~ (1) The board ~~must~~ shall cause to be canceled all county warrants that have remained uncalled
22 for 1 year or more in the county clerk's office, ~~these~~ The uncalled warrants ~~to~~ must be canceled in the
23 same manner as other county warrants. At the same time, the county treasurer ~~must~~ shall deliver to the
24 board all warrants or vouchers that are in the county treasurer's possession for money disbursed by ~~him~~
25 ~~as the county~~ treasurer and the clerk ~~must~~ shall issue a receipt for the ~~same~~ warrants or vouchers.

26 ~~(3)(2)~~ (2) The board ~~must~~ shall cause to be entered on the record of warrants, opposite to the entry
27 of each warrant issued, the date when the warrant was canceled and ~~must~~ shall make a list of the
28 canceled warrants, specifying the number, date, amount, and the person to whom the ~~same~~ warrant was
29 payable, ~~and must~~ The board shall cause the list to be entered on the minutes of the board."

30

1 **Section 53.** Section 7-6-4302, MCA, is amended to read:

2 **"7-6-4302. Payment of claims by warrant or check.** ~~Except as provided in 7-6-4121, all~~ **All**
3 accounts and demands against a city or town must be submitted to the council and, if found correct, must
4 be allowed and an order must be made that the demand be paid. The demand must be paid in accordance
5 with one of the following options:

6 (1) The mayor may draw a warrant upon the treasury in favor of the owner, specifying for what
7 purpose and by what authority it is issued and out of what funds it is to be paid. The city treasurer or
8 town clerk ~~must~~ shall pay the warrant out of the proper fund.

9 (2) The city treasurer or town clerk may pay the demand by check when there are sufficient city
10 funds on deposit in an interest-bearing checking account in a bank within the city or town that are
11 available to cover the check."

12
13 **Section 54.** Section 7-6-4501, MCA, is amended to read:

14 **"7-6-4501. Interest on unpaid warrants -- definition.** (1) When any warrant drawn upon the
15 treasury of a city or town and pursuant to any ordinance or resolution or direction of the council of the
16 city or town is presented to the city treasurer or town clerk for payment and the ~~same~~ warrant is not paid
17 for want of funds, the city treasurer or town clerk ~~must~~ shall endorse thereon "Not paid for want of
18 funds", annexing the date of presentation, and signing ~~his~~ the treasurer's or clerk's name ~~thereto to the~~
19 warrant.

20 (2) From the time of the endorsement until the warrant is called for payment, the warrant bears
21 interest at a rate fixed by ordinance, or if the warrant is subject to purchase for investment by a county
22 as provided in 7-6-2701 and is held by a county, the warrant bears interest at a rate fixed by the board
23 of county commissioners under 7-6-2701.

24 (3) As used in this part, "warrant" includes a check and an electronic funds transfer."
25

26 **Section 55.** Section 7-12-4181, MCA, is amended to read:

27 **"7-12-4181. Collection of district assessments by county clerk -- certification.** (1) Except ~~as~~
28 provided in 7-12-4183, in each city or town where taxes for general, municipal, and administrative
29 purposes are certified to and collected by the county treasurer ~~in accordance with the provisions of~~
30 ~~7-6-4407~~ immediately after the second Monday of August of each year, it is the duty of the city treasurer

1 or town clerk to certify to the department of revenue, at the same time that the copy of the resolution
2 determining the annual levy for general taxes is certified by the city or town clerk to the county clerk ~~as~~
3 ~~required by 7-6-4407, to the department of revenue~~ all special assessments and taxes levied and assessed
4 in accordance with any of the provisions of part 42 and this part.

5 (2) The department of revenue shall enter the special assessments and taxes upon the property
6 tax record for the county. The county treasurer shall collect all taxes and assessments in the same manner
7 and at the same time as taxes for general, municipal, and administrative purposes are collected."

8
9 **Section 56.** Section 7-12-4183, MCA, is amended to read:

10 **"7-12-4183. Collection of district assessments by city treasurer in cities where county collects**
11 **taxes.** (1) In any city or town where taxes for general, municipal, and administrative purposes are certified
12 to and collected by the county treasurer in accordance with the provisions of ~~7-6-4407 and~~ 7-6-4423, the
13 city or town may, ~~nevertheless,~~ provide by ordinance for the collection by its city treasurer or town clerk
14 of all special assessments and taxes levied and assessed in accordance with any of the provisions of ~~this~~
15 ~~part and~~ part 42 and this part in the same manner and at the same time as taxes for general, municipal,
16 and administrative purposes are collected by the county treasurer. All of the provisions of 7-6-4423 apply
17 to the collection of the special taxes and assessments in the same manner as the provisions apply to the
18 collection of other city or town taxes.

19 (2) (a) When the payment of any one installment of any special assessment becomes delinquent,
20 all payments of subsequent installments ~~shall~~ must, at the option of the city or town council and by
21 appropriate resolution duly adopted, become delinquent. The city or town council may order that all
22 assessments that are delinquent as a result of acceleration be withdrawn.

23 (b) Delinquent special assessments ~~shall~~ must be certified to the county clerk of the county in
24 which the city or town is situated. The county treasurer ~~must~~ shall collect the delinquent special
25 assessments and taxes in the same manner and at the same time ~~as that~~ taxes for general, municipal, and
26 administrative purposes are collected ~~by him~~. In case ~~they~~ the delinquent assessments and taxes are not
27 paid, the whole property ~~shall~~ must be sold in the same manner ~~as that~~ other property is sold for taxes.
28 The enforcement of the lien of any installment of a special assessment by any method authorized by law
29 does not prevent the enforcement of the lien of any subsequent installment when it becomes delinquent."
30

1 **Section 57.** Section 50-60-302, MCA, is amended to read:

2 **"50-60-302. Certification of municipal and county building codes.** (1) A county or municipality
3 may not enforce a building code unless:

4 (a) the code enforcement program has been certified by the department as in compliance with
5 applicable statutes and department certification rules;

6 (b) the current adopted code, a current list of fees to be imposed, and a current plan for
7 enforcement of the code have been filed with and approved by the department; and

8 (c) all inspectors inspecting or approving any installations, which if accomplished commercially
9 require state licensure, must themselves be properly and currently state-licensed as journeymen in that
10 craft or occupation or be certified by a nationally recognized entity for testing and certification of
11 inspectors that is approved by the department before being permitted to inspect or approve any
12 installations.

13 (2) The department shall adopt additional rules and standards governing the certification of
14 municipal and county building code enforcement programs ~~which~~ that must include provisions for prompt
15 revocation of certification for refusal or failure to comply with any applicable statute or rule. The
16 department may allow a county or municipality a reasonable amount of time, not to exceed 6 months, to
17 correct identified code enforcement program deficiencies, unless the deficiencies constitute an immediate
18 threat to the public health, safety, or welfare, in which case the department may require immediate
19 correction. Failure to correct deficiencies within the time set by the department constitutes a basis for
20 immediate decertification of the code enforcement program. Continued operation of a county or municipal
21 code enforcement program in violation of a department order to correct deficiencies may be enjoined or
22 subject to a writ of mandamus by a judge of the district court in the jurisdiction in which the county or
23 municipality is located. The rules and standards must include provisions for the department to ensure that
24 all code enforcement program functions are being properly performed.

25 ~~(3) In addition to maintaining the continued compliance oversight required in subsection (1), the~~
26 ~~department shall require a detailed and fully documented annual report from a local government with a~~
27 ~~certified code enforcement program to ensure continued local government compliance with all requirements~~
28 ~~of applicable statutes and rules. If review of the annual report identifies compliance problems, the~~
29 ~~department shall immediately conduct an onsite evaluation.~~

30 ~~(4)~~ (3) If the certification of any local government code enforcement program is revoked for any

violation or deficiency, the state resumes its original jurisdiction for state building code enforcement within the municipal or county area and the local government retains the responsibility for completion of inspections and issuance of certificates of occupancy on any incomplete construction projects previously permitted by the local government, unless the reason for the decertification is directly related to the protection of health, safety, and welfare of the public.

~~(5)~~(4) If a local government voluntarily decertifies its code enforcement program, the department must be given written notification of the intended decertification at least 90 days prior to the date of decertification. The local government retains the responsibility for completion of inspections and issuance of certificates of occupancy on any incomplete construction projects permitted by the local government prior to decertifying its code enforcement program."

Section 58. Section 53-2-322, MCA, is amended to read:

"53-2-322. County to levy taxes, budget, and make expenditures for public assistance activities.

(1) Subject to 15-10-420, the board of county commissioners in each county shall levy 13.5 mills for the county poor fund as provided by law or so much of that amount as may be necessary. The board may levy up to an additional 12 mills if approved by the voters in the county. Subject to 15-10-420, a county shall levy sufficient mills to reimburse the state for any administrative or operational costs in excess of the administrative and operational costs for the previous fiscal year. The department of public health and human services shall notify the counties of the number of mills required to be levied. Once an additional levy has been approved, the amount of the approved levy may continue to be levied without voter approval.

(2) The board shall budget and expend so much of the funds in the county poor fund for:

(a) public assistance as necessary to reimburse the department for the county's proportionate share of the administrative costs and of all public assistance costs;

(b) salaries, travel expenses, and indirect costs, as provided in 52-1-110, of protective services employees of the department; and

(c) the county's proportionate share of any other public assistance activity that may be carried on jointly by the state and the county.

(3) The amounts set up in the budget for the reimbursements to the department must be sufficient to make all of these reimbursements in full. The budget must make separate provision for each public

1 assistance activity and for salaries, travel expenses, and indirect costs for protective services activities
2 of the department. Proper accounts must be established for the funds for all the activities.

3 (4) The department shall submit to the counties, no later than May 10, the most current county
4 participation percentages that are necessary to establish preliminary county budgets. As soon as the
5 county proposed budget ~~provided for in 7-6-2015~~ has been agreed upon, a copy must be mailed to the
6 department, and at any time before the final adoption of the budget, the department shall make
7 recommendations with regard to changes in any part of the budget relating to the county poor fund as
8 considered necessary in order to enable the county to discharge its obligations under the public assistance
9 laws.

10 (5) The department shall promptly examine the county proposed budget in order to ascertain if
11 the amounts provided for reimbursements to the department are likely to be sufficient and shall notify the
12 county clerk of its findings. The board shall make changes in the amounts provided for reimbursements,
13 if any are required, in order that the county will be able to make the reimbursements in full.

14 (6) The board of county commissioners may not make any transfer from the amounts budgeted
15 for reimbursing the department without having first obtained a statement in writing from the department
16 to the effect that the amount to be transferred will not be required during the fiscal year for the purposes
17 for which the amounts were provided in the budget.

18 (7) The county poor fund, irrespective of the source of any part of the fund, may not be used
19 directly or indirectly for the erection or improvement of any county building as long as the fund is needed
20 for paying the county's proportionate share of public assistance and protective services, as described in
21 52-1-110, or its proportionate share of any other public assistance activity that may be carried on jointly
22 by the state and the county. Expenditures for improvement of any county buildings used directly for care
23 of the poor, except a county hospital or county nursing home, may be made out of money in the county
24 poor fund, whether the money was produced by the mill levy provided for in subsection (1) or from any
25 additional levy authorized by law. The expenditure may be authorized only when any county building used
26 for the care of the poor must be improved in order to meet legal standards required for the building by the
27 department and when the expenditure has been approved by the department.

28 (8) Money in the county poor fund may be used as matching funds for the receipt of federal
29 money."

30

Section 59. Section 85-3-423, MCA, is amended to read:

"85-3-423. County budget waived for first appropriation -- conditions. ~~The provisions of 7-6-2342~~

~~apply if~~ **If** an emergency condition requiring prompt expenditure occurs immediately after an authority has been created by resolution of the board of county commissioners and after certification of a mill levy by the authority. ~~In that case and only for the initial or first appropriation for the authority,~~ the county commissioners may appropriate, from money not otherwise appropriated in the general fund, money necessary to carry out the provisions of this part. However, the appropriation may not exceed an amount equal to the amount that would be raised by a 2-mill levy upon the taxable valuation of the property in the county."

NEW SECTION. Section 60. Repealer. Sections 7-6-601, 7-6-603, 7-6-604, 7-6-2112, 7-6-2201, 7-6-2203, 7-6-2211, 7-6-2212, 7-6-2213, 7-6-2214, 7-6-2218, 7-6-2219, 7-6-2220, 7-6-2221, 7-6-2301, 7-6-2302, 7-6-2303, 7-6-2311, 7-6-2312, 7-6-2313, 7-6-2314, 7-6-2315, 7-6-2316, 7-6-2317, 7-6-2318, 7-6-2319, 7-6-2320, 7-6-2321, 7-6-2322, 7-6-2323, 7-6-2324, 7-6-2325, 7-6-2326, 7-6-2327, 7-6-2328, 7-6-2329, 7-6-2330, 7-6-2331, 7-6-2335, 7-6-2341, 7-6-2342, 7-6-2343, 7-6-2345, 7-6-2348, 7-6-2351, 7-6-2352, 7-6-2502, 7-6-2525, 7-6-2702, 7-6-4101, 7-6-4104, 7-6-4121, 7-6-4123, 7-6-4124, 7-6-4134, 7-6-4135, 7-6-4140, 7-6-4141, 7-6-4201, 7-6-4202, 7-6-4203, 7-6-4205, 7-6-4206, 7-6-4207, 7-6-4208, 7-6-4209, 7-6-4232, 7-6-4234, 7-6-4237, 7-6-4238, 7-6-4240, 7-6-4259, 7-6-4260, 7-6-4261, 7-6-4262, 7-6-4263, 7-6-4264, 7-6-4265, 7-6-4266, 7-6-4267, 7-6-4270, 7-6-4271, 7-6-4272, 7-6-4407, and 7-6-4408, MCA, are repealed.

NEW SECTION. Section 61. Codification instruction. (1) [Sections 1 through 8] are intended to be codified as an integral part of Title 7, chapter 6, part 6, and the provisions of Title 7, chapter 6, part 6, apply to [sections 1 through 8].

(2) [Sections 9 through 32] are intended to be codified as an integral part of Title 7, chapter 6, and the provisions of Title 7, chapter 6, apply to [sections 9 through 32].

NEW SECTION. Section 62. Effective date. [This act] is effective July 1, 2001.

1 NEW SECTION. **Section 63. Applicability.** [This act] applies to special purpose districts beginning

2 July 1, 2002.

3

- END -

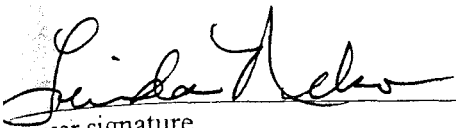
FISCAL NOTE

Bill #: SB0138

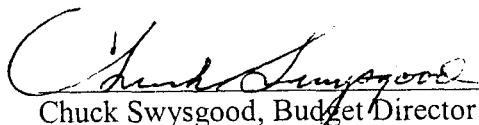
Title: Revise local government accounting laws

Primary Sponsor: Linda Nelson

Status: As Introduced


Sponsor signature

1/11/01
Date


Chuck Swysgood, Budget Director

1/10/01
Date

Fiscal Summary

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
Expenditures:		
General Fund	95,820	141,222
Net Impact on General Fund Balance:	(\$95,820)	(\$141,222)

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
X		Significant Local Gov. Impact	X		Technical Concerns
X		Included in the Executive Budget		X	Significant Long-Term Impacts
X		Dedicated Revenue Form Attached		X	Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

1. SB 138 requires approximately 750 additional special purpose districts to submit budgets, statements of tax levies, and annual financial reports to the Department of Commerce. Beginning July 1, 2003, information from these special purpose district reports will be entered into the existing database, resulting in a significant increase in data input resource requirements. The department will design appropriate budget documents and annual financial report formats for each type of special purpose district defined in the bill prior to July 1, 2002. Once the technical assistance responsibilities increase, additional professional staff will be necessary to meet the demands. As a result, 1.00 FTE, grade 12, will be needed for the last six months of FY 2002 and a 1.00 FTE, grade 12, beginning on July 1, 2002, and 1.00 FTE, grade 9- data input position, for the last six months of FY 2003. The additional FTEs will be provided with computers and other necessary equipment and supplies. To comply with Section 34 of the bill, the department would contract for audits or reviews with CPA firms. There would be 10 audits each year at \$2,000 each and 10 financial reviews (agreed-upon-procedures engagements) at \$1,000 each, for a total of \$30,000 in FY 2002 and in FY 2003.

SB 138

(continued)

2. The department will add compliance requirements for the various types of special purpose districts for the CPAs performing the contracted audits of those districts by hiring a temporary 0.50 FTE, grade 14 accounting/auditing background, during FY 2002. Updates to the compliance supplement manual will be handled by existing program staff once the temporary FTE completes the initial development.
3. The financial reporting provisions will be effective for the fiscal year ending June 30, 2003, and the first budget and tax levies required to be submitted to the department by the later of October 2, 2002 or 60 days after receipt of taxable values from the Dept. of Revenue.

FISCAL IMPACT:

	<u>FY2002 Difference</u>	<u>FY2003 Difference</u>
FTE	1.00	2.50
<u>Expenditures:</u>		
Personal Services	35,467	74,340
Operating Expenses	<u>60,353</u>	<u>66,882</u>
TOTAL	\$95,820	\$141,222
<u>Funding:</u>		
General Fund (01)	\$95,820	\$141,222
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
General Fund (01)	(\$95,820)	(\$141,222)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

There will be no effects on local government revenues and minimal, if any, effects on expenditures.

TECHNICAL NOTES:

1. Local governments, including special purpose districts, have been required to file annual financial reports with the Department of Commerce since the adoption of the Montana Single Audit Act (Title 2, Chapter 7, part 5, MCA) by the 1991 Legislature. The department has had a continual problem maintaining current and accurate mailing lists of special purpose districts. A number of new such entities are created each year, and in other cases the mailing addresses change almost annually as the governing bodies or appointed or elected officers change. There is no statutory provision that requires these special purpose districts to notify the department when there is a change. The addition of two sections to SB 138 would greatly help the department carry out its responsibilities under this bill and the existing Montana Single Audit Act. These would be as follows:
 - a. Require boards of county commissioners to notify the Department of Commerce in writing, on a form prescribed by the department, of the creation, dissolution, or combination or other legal alteration of any special purpose district. This would, for the most part, be a one-time task performed at the time the new special purpose district is created.
 - b. Require all special purpose districts to obtain a permanent mailing address, such as a post office box. They should notify the department of this mailing address, and of any changes to it. If a permanent post office box in the name of the district is established, annual changes that now occur with the changes of governing bodies or officers should no longer be a problem.
2. Section 2 of the bill states that the fiscal year of local governments commences on July 1 of each calendar year and ends on June 30, of the following calendar year. Although all counties, cities, towns, consolidated city/county governments, and school districts already operate on that fiscal year, some special purpose districts operate on other fiscal periods. Many irrigation districts operate on a January 1 to December 31 year (calendar year). Is it intended that this section will require those districts currently operating on a fiscal period other than July 1 to June 30 to change to that fiscal year?

2001 MONTANA LEGISLATURE - 57th Regular Session
INDEX TO BILLS IN COMMITTEE
- Committee: (S) Local Government -

-
- SB 102** **SPONSOR:** Cole, Mack **SHORT TITLE:** Authorize trust land exchanges with state and local governments
 BY REQUEST OF: Department Of Natural Resources And Conservation
 REFERRED ON: 01/03/2001 **HEARD ON:** 01/11/2001
 EXECUTIVE ACTION: 01/12/2001 -Bill Passed -- VOTE: 9 - 0
 FINAL DISPOSITION: 03/28/2001 Chapter Number Assigned
-
- SB 137** **SPONSOR:** Nelson, Linda **SHORT TITLE:** Establish state-local relationships interim committee
 BY REQUEST OF: Local Government Funding And Structure Committee
 REFERRED ON: 01/03/2001 **HEARD ON:** 01/16/2001
 TABLED ON: 01/26/2001
 FINAL DISPOSITION: 02/23/2001 (S) Missed Deadline for General Bill Transmittal
-
- SB 138** **SPONSOR:** Nelson, Linda **SHORT TITLE:** Revise local government accounting laws
 BY REQUEST OF: Local Government Funding And Structure Committee
 REFERRED ON: 01/03/2001 **HEARD ON:** 01/16/2001
 EXECUTIVE ACTION: 02/19/2001 -Bill Passed as Amended -- VOTE: 11 - 0
 FINAL DISPOSITION: 04/20/2001 Chapter Number Assigned
-
- SB 144** **SPONSOR:** Nelson, Linda **SHORT TITLE:** Transfer county collections report and other duties to department of revenue
 BY REQUEST OF: Department Of Revenue
 REFERRED ON: 01/03/2001 **HEARD ON:** 01/23/2001
 EXECUTIVE ACTION: 02/09/2001 -Bill Passed as Amended -- VOTE: 11 - 0
 FINAL DISPOSITION: 04/16/2001 Chapter Number Assigned
-
- SB 149** **SPONSOR:** Grosfield, Lorents **SHORT TITLE:** Voter establishment of library districts
 BY REQUEST OF: State Library Commission
 REFERRED ON: 01/03/2001 **HEARD ON:** 01/11/2001
 EXECUTIVE ACTION: 01/19/2001 -Bill Passed as Amended -- VOTE: 8 - 0
 FINAL DISPOSITION: 03/20/2001 Chapter Number Assigned
-
- SB 154** **SPONSOR:** Cocchiarella, Vicki **SHORT TITLE:** Local vendor preference for municipal contracts
 REFERRED ON: 01/03/2001 **HEARD ON:** 01/11/2001
 TABLED ON: 01/26/2001
 FINAL DISPOSITION: 02/23/2001 (S) Missed Deadline for General Bill Transmittal
-

MINUTES

**MONTANA SENATE
57th LEGISLATURE - REGULAR SESSION
COMMITTEE ON LOCAL GOVERNMENT**

Call to Order: By **CHAIRMAN DALE MAHLUM**, on January 16, 2001 at
3:00 P.M., in Room 335 Capitol.

ROLL CALL

Members Present:

Sen. Dale Mahlum, Chairman (R)
Sen. John C. Bohlinger, Vice Chairman (R)
Sen. John Cobb (R)
Sen. Jim Elliott (D)
Sen. Bill Glaser (R)
Sen. Duane Grimes (R)
Sen. Don Hargrove (R)
Sen. Ken Miller (R)
Sen. Emily Stonington (D)

Members Excused: Sen. Chris Christiaens (D)
Sen. Ken Toole (D)

Members Absent: None.

Staff Present: Leanne Kurtz, Legislative Branch
Mary Gay Wells, Committee Secretary

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 137, 1/10/2001
SB 138, 1/10/2001
SB 199, 1/10/2001

Executive Action: None

{Tape : 1; Side : A; Approx. Time Counter : 0}

HEARING ON SB 138

Sponsor: SEN. LINDA NELSON, SD 49, MEDICINE LAKE

Proponents: Linda Stoll, Missoula County Commissioner
Harold Blattie, County Commissioner, Stillwater Co.
John Lawton, City Manager, Great Falls
Jon Metropoulos, MT Society for Certified Public Accountants
Alec Hansen, MT League of Cities & Towns
Ron Alles, Chief Administrative Officer, Lewis & Clark County
Mary Wittinghill, MT Taxpayers Assoc.
Kurt Alme, Director, Dept. of Revenue

Opponents: Letter from Board of County Commissioners,
Yellowstone County

Opening Statement by Sponsor:

SEN. LINDA NELSON, SD 49, MEDICINE LAKE. She presented her bill and handed in a written statement EXHIBIT(los12a02).

{Tape : 1; Side : B; Approx. Time Counter : 0}

Proponents' Testimony:

Linda Stoll, Missoula County Commissioner. We would like to express our support for SB 138. We feel it would create substantial progress in accounting and budgeting for most local governments. The bill eases many outdated budget constraints. There is one problem that we see with the bill. I would like to hand out a page from the Montana Code Annotated EXHIBIT(los12a03). The problem that we are having with SB 138 is that it repeals the sections of the law that talk about the alternative accounting method. The person who talked me through this particular section was **Mr. Dale Bickle, Missoula County Fiscal Officer**. He is a CPA and a former local government auditor. He gave this example. Presume for a moment, that Missoula County had a buy/sell agreement on a parcel of land in its industrial district. Legitimate and unforeseen expenditures are required to prepare the property for sale. Current budget law prohibits a budget amendment for the additional expenditure even though the sale proceeds would be received in the same budget year. Conversely, under the alternative accounting method, the County would be allowed to amend the budget for this

situation. Missoula County would support amendments that would leave the alternative accounting method intact. Those sections being repealed are: Sections 7-6-601, 7-6-603 and 7-6-604. We would like to suggest an amendment and that would be to take out that portion of the title that I just mentioned. We do not want those three sections to be deleted.

Harold Blattie, County Commissioner, Stillwater Co. Senate Bill 138 will provide a uniform Accounting and Budget Act for all units of local governments. Currently, functions of different types of local government may be covered under different areas of statutes. The proposed language will make the requirements of every unit of local government abundantly clear and remove many ambiguities.

It was the intent of the committee to require a higher level of responsibility to the public and the taxpayers, by smaller districts, which is not provided in statute. Specifically, under current law, a district which has less than \$200,000 in annual revenues is not required to conduct an audit. This exemption was enacted due to the high cost of having a full audit done. In the case of many small districts, the requirement to conduct a full audit could consume such a large portion of their revenue that little would be left to conduct the affairs of the district. Currently, a district which does not meet this threshold is required to submit an annual report to the Dept. of Commerce. The DOC is minimally staffed and has no personnel to thoroughly review these reports and as a result, there is little if any oversight. The basic tenet of any audit requirement is for the protection of the taxpayers and the trustees of a district. The money a district receives is public money. Therefore the public has every right to expect full and complete accountability. I am sure you recall news stories which unfortunately have appeared on a regular basis about clerks or treasurers of public entities embezzling thousands, if not tens of thousands of dollars. Some of these may have been prevented if appropriate safeguards had been in place.

The bill would provide a significantly higher level of accountability to those smaller entities, but not take away any of their authority. The bill does something else in that it provides that the county treasurer will be the custodian of the public funds. We have a situation in our county. We have two fire districts which had a practice going for many years that at the end of the budget year, and there might be a few thousand dollars left over, they would write a county award out to themselves and take it to the local bank. This then became their slush fund or off budget money.

This year, one of our fire district's June 30th cash balance (this cash balance should be what was budgeted the previous year for reserve) was a negative cash balance. We called the treasurer of the fire district and asked what was going on. The answer was that they had written the check out of the wrong account. No one knows how much money is in that account. We have had situations where the public comes to us and asks us for some accountability from these smaller districts and we do not have the authority to demand it.

The money under this bill will be with the county treasurer and the smaller entities would earn their interest the same as everyone else. The committee's intent was to more fully implement the alternative accounting method. If there are some technical problems I assure you that the committee's intent was not to do that. I would hope that appropriate amendments would be put forth.

The bill does not remove the authority of the local trustees of the water control district, cemetery district, etc. to determine what their mill levies are as long as they are compliant with 15-10-420. We, as county commissioners, clerk and recorders and treasurers help them make those calculations and make sure their mill levies are compliant. We don't tell them what to set their mills at. We county commissioners do however fix all mill levies. When we do the final budget, we fix the countywide mill levies for all the school mills, the county, state and local as well as our own. That may be where some of the confusion comes from.

John Lawton, City Manager, Great Falls. This bill could have been entitled, A Law Encouraging Accountability and Responsibility in Government. There are three aspects that will do just that. #1 It cleans up a body of confusing law--Title 7 has been accumulating over many decades. #2 It envisions a very strong role for the Dept. of Commerce. They would be empowered to make the rules that everyone has to follow. #3 The rules that the Dept. promulgates will be generally accepted accounting principles as established by the Governmental Accounting Standards. This is a national organization following national processes to establish the rules for local governments nation wide. Many governments in Montana including the State of Montana follow those rules. This is a good bill and I would encourage you to support it.

Jon Metropoulos, MT Society for Certified Public Accountants. We support the bill and the philosophy. We would like to point out some potential problems. For example, Section 2 states that the fiscal year will end on June 30. That may be inappropriate for some entities such as irrigation districts. They would be in the

middle of their irrigation work. Some have contracts with the U.S. government and it would be difficult to tailor their financial books around those contracts. In addition, Section 5 and Section 32 contain some terms that perhaps should be defined. In Section 5, my concern is the first clause which states "money may not be transferred from one fund to another except by resolution of a county or municipal governing body." Is "municipal governing body" defined in the bill. Local government is defined. In Section 32, the reference is "the governing body shall fix the tax levy for each taxing jurisdiction with the county or municipality." That seems somewhat unclear. If the reference is to the governing body of the county or municipality, then that might inadvertently usurp powers from the irrigation district. If the reference is to the governing body of another local government like an irrigation district, then I believe that needs to be redrafted.

Alec Hansen, MT League of Cities and Towns. We support this bill and hope that it would clean up the laws that govern these local governments. There is one little change that has been suggested by the city attorney in Bozeman. I will hand in a copy of the suggested amendment **EXHIBIT(los12a04)**. It states: "The city or town council or commission shall actively solicit offers on a competitive basis from available qualified insurance or surety companies before purchasing the bonds."

Ron Alles, Chief Administrative Officer, Lewis & Clark County. We support this bill. It is a good bill and helps all local governments in the state. It provides a standard of accountability. I would support the Missoula County suggestion that would leave in the alternative accounting method. It essentially is the same as what is written here.

Mary Wittinghill, MT Taxpayers Assoc. We believe that by bringing in all the special districts into some standard reporting, taxpayers across Montana can be assured that at least the education is there for these district trustees. In Section 30, we would hope and have been assured that this will not increase taxes under this accounting proposal.

Kurt Alme, Director, Department of Revenue. The Governor's office is reviewing all these local government funding structure bills. Though they are not prepared to support the specifics of the bill, they support the concepts behind these bills. They support the responsibility and accountability of the local governments and they also recognize that this bill was created by local government experts. We appreciate the hard work of all concerned.

{Tape : 1; Side : B; Approx. Time Counter : 21.8}

Opponents' Testimony:

Letter from Yellowstone County Commissioners EXHIBIT(10s12a05).

Questions from Committee Members and Responses:

SEN. DUANE GRIMES asked how the rural financial county people feel about this bill. **Gordon Morris, Executive Director, MT Assoc. of Counties (MACO)** said that he had not spoken on the bill, but he had worked closely with others on the bill and they definitely support it. The new sections are simple restructuring of current sections.

SEN. GRIMES asked if there had been unanimity of thought in MACO? **Mr. Morris** said the only opposition that was presented came from an earlier version where the role and duties of the treasurer and the clerk and recorder were originally proposed to be repealed. Based upon that opposition, this was put back into the bill.

SEN. DON HARGROVE brought to the attention of the Committee and the people in attendance the letter from Yellowstone County (Exhibit 5). He then asked if all counties had been well informed and knew what was going on. (At this point the letter was passed to Gordon Morris.) **Mr. Morris** was surprised at the letter and mentioned that Yellowstone County was one of the founding counties who implemented the alternative accounting method. They had taken a keen interest in the creation of this bill.

SEN. HARGROVE asked about Section 34, (7) where it talks about 20 audits each year. He asked if these abrogate in any way the responsibility of county auditors or if it poses a potential conflict. **Mr. Morris** replied that it has nothing to do with the county auditor and this portion raises the bar so that some of the smaller jurisdictions will come under the provision of this law. It changes nothing as far as the county auditors are concerned.

SEN. HARGROVE said that these 20 audits throughout the year are part of the fiscal note. **Mr. Morris** said that is correct.

{Tape : 2; Side : A; Approx. Time Counter : 0}

SEN. GRIMES asked if the rural counties are operating under Generally Accepted Accounting Principals (GAAP).

Judy Paynter, Dept. of Revenue responded that some of the smaller counties are small enough that some of the things did not fall under all of the standards requirements. Many of the special entities were in this small group.

SEN. GRIMES said that if they are not fully in compliance with GAAP, would they be compliant under another accepted accounting principal. He continued with the question of what kind of burden would this place on a small county that wouldn't be fully functional under GAAP. **Ms. Paynter** said that she believed every county was big enough to reach the threshold of \$200,000. There are special districts that don't meet that threshold. With the broadened definition of audit, there will be some special districts that will fold into the county audit. On page 16, when there are little special districts, the Dept. of Commerce has the authority to select 20 audits each year. This would be a random choice. The Dept. of Commerce would pay for those audits.

SEN. GRIMES asked for a comment on the end of the fiscal year and the effect it would have on irrigation districts. **Norm Klein, Dept. of Commerce** said that there are a number of irrigation districts that operate on a calendar year as opposed to the state fiscal year. However, there are assessments that are utilized to fund their operations. These are basically collected in the same manner as the property taxes - first payment in the fall and second payment in the spring. These adjustments have been made in a smooth transition.

SEN. EMILY STONINGTON stated that under current law, it appears that each local government entity does audits currently every two years and these are submitted to the Dept. of Commerce.

Mr. Klein replied that these audits are submitted to the audit review section.

SEN. STONINGTON asked if there is redundancy in this bill.

Mr. Klein stated that his understanding of the bill was to allow for 20 selected audits for those entities that did not fall under the current standards. **SEN. NELSON** said that these 20 selected audits would be random selections of these smaller districts that do not meet the threshold of \$200,000. The purpose is for accountability and responsibility.

SEN. STONINGTON asked if this would mandate greater financial reporting to the county commissioners, to the state as well as to a possible audit on these entities. **SEN. NELSON** replied that this is making them more accountable because the county treasurer would be their banker. She stated that there are some 700 plus districts. Doing 20 of these a year is not a large amount and would not be overly burdensome. **Mr. Blattie** did not believe

that there is redundancy in this bill. The requirement of 20 selected audits applies only to those entities under the \$200,000 bar. The intent was to only bring those entities that have very little accountability into some standard of accountability. This does not require any additional reporting on their part to the county. Their money would be held at the county. As a county commissioner he would look at their trial balances and see if it passes the "does this make sense" test. The county treasurer would supply no additional information to the Dept. of Commerce. It is simply that the money would be there and if someone came in and wanted to know what had happened to some money in this district, the record is there.

SEN. BILL GLASER asked what the current existing authority is for reserves. **Mr. Morris** said that it is 1/3 of the expenditures that have been budgeted for the fiscal year for reserving purposes. This is intended to get the local government through the period July 1 through the end of the tax collection period in November.

SEN. GLASER asked if this "50%" is an increase. **Mr. Morris** replied that yes it is an increase.

SEN. GLASER then asked if another bill, that is in the process, which is asking for education money to be taken out of the management of the county treasurer and given to the education system, would have an effect on this bill. **Mr. Morris** said that **Mr. Lance Melton** of the Montana School Board Assoc. expressed his opinion to him that they ought to be able to have and manage their monies that are currently being handled by the county treasurer. If that bill should pass into law, he saw no bearing of this bill on that other one.

SEN. GLASER stated that in SB 137 and SB 138 there is a \$481,000 fiscal note and where would this money come from. **Mr. Alme** responded that he did not have an answer for the question.

{Tape : 2; Side : A; Approx. Time Counter : 15}

SEN. HARGROVE stated that bureaucracy grows and it is necessary to clean statutes up now and then. He wondered if this bill was necessary. **SEN. NELSON** stated that there had been many people on the committee who felt strongly that there needed to be a change. **Ron Alles** said that the alternative accounting method was a standard that was nationwide. He stated that in his county there have been problems in the smaller districts, mainly fire districts. Just because their money would be residing with the county treasurer, that doesn't mean their accounting methods are consistent with the county standards. They do their own

accounting. This bill would allow the Dept. of Commerce the opportunity to ask a small district for a review of their books.

SEN. HARGROVE asked if the city or county would have less of a responsibility and the state would be assuming that responsibility. **Mr. Alles** said not necessarily. In Lewis and Clark County, the county helped a particular fire district review their documents. The district had asked for their help. But people come in and ask questions about their trustees and accounting procedures. This bill would allow the county commissioners to request the Dept. of Commerce to check a certain entity out.

SEN. GRIMES said that the fiscal note states that local revenue or expenditures will not be affected. He questioned if that were true. **Mr. Alles** replied that currently each district has their own bookkeeper, etc. The simplest form of control is that they require two signatures. Other than performing an audit, that is the only control of the district. The larger districts (over \$30,000) have a volunteer bookkeeper that would keep track of the minutes for the board. Under this bill, these smaller districts would not have to hire a bookkeeper or additional personnel.

SEN. STONINGTON asked if the state should do the auditing or should the state give that authority statutorily to the counties in order to keep control at the local level. **Mr. Alles** said that would make absolute sense. The problem, as a local government, is that they are not required to do so at this time. If this should be given over to the counties, the counties would not have the additional funds to do extra audits.

SEN. STONINGTON asked if under current law, do the counties have any authority to tighten up these accounting standards.

Mr. Alles said the commissioners have some oversight concerning the levies but that is the only authority at the present time.

SEN. JOHN COBB asked about page 14, line 4 and page 21, line 19. There is a definition of local government entity on page 14 and local government on page 21. On page 15, line 1 it states special education or other cooperatives and on page 21, line 28 it states cooperatives by itself. On page 14, line 29 it states school districts but on page 22, line 21 it states school districts, (comma). He wanted the sponsor to make sure that there was consistency within the bill.

{Tape : 2; Side : B; Approx. Time Counter : 0}

SEN. KEN MILLER stated that in the presentation of the proponents they have heard pitches for streamlining, accountability,

cleanup, etc. He wondered why, when they are streamlining, it costs a quarter million dollars. **SEN. NELSON** replied that the question is a good one. She further stated that it did seem these undertakings always costs a bundle of money and did not know why this was so.

SEN. MILLER said that streamlining should mean less bureaucracy and should mean less money. **SEN. NELSON** felt that would be more apparent down the road.

Closing by Sponsor:

SEN. NELSON closed. It is a complicated bill with major changes. The sub-committee worked on this bill and believed in what they were doing. The recommendations that have been presented seem to be appropriate. Thank you for your questions and time.

At this point in time **CHAIRMAN DALE MAHLUM** returned and took up the gavel.

HEARING ON SB 199

Sponsor: **SEN. MIKE TAYLOR, SD 37, PROCTOR**

Proponents: None

Opponents: None

Opening Statement by Sponsor:

SEN. MIKE TAYLOR, SD 37, PROCTOR. I bring for your consideration SB 199. This bill authorizes the use of inmate labor through a county jail work program for the management of noxious weeds and for other maintenance projects authorized by the county commissioners; allowing a district weed board to enter into agreements with a county sheriff for the use of inmate labor. This is a clarification to current law. Senate Bill 199 is part of a bigger bill that is coming through. Senate Bill 199 is another way to fight that silent invader which is probably doing more damage to our water, wildlife and native plants. The inmates would be those who are non-violent.

Proponents' Testimony: None

Opponents' Testimony: None

BUDGETING AND ACCOUNTING LAWS

Senate Local Govt. Comm.

Exhibit No. 2

Date 1 - 16 - 01

Bill No. SB 138

The committee recommends revising the local government budgeting and accounting laws. During the course of reviewing local government financial information, the committee learned that the current statutes did not ensure that the legislature and state departments received uniform information from local governments. This resulted in additional committee work and time and hindered the committee's study of streamlining revenues and shifting a portion of district court costs to the state.

X Due to the complexity and multitude of statutes pertaining to local government budgeting and accounting, the committee established a work group to review the pertinent sections of law to determine if these sections could be simplified or clarified to improve reporting to the applicable state departments and legislature. The work group reviewed over 80 sections of state law and found that the statutes contain a large amount of redundant and contradictory laws with micro-management provisions that actually hinder local government efficiency and state oversight of local government activity.

In 1995, the legislature adopted Part 6 "Local Government Alternative Accounting Method" in Title 7, Chapter 6 of Montana Code Annotated to "create a uniform accounting method for local governments that provides an alternative to following the detailed bookkeeping rules contained in this title that have been built up over decades and to encourage local governments to adopt generally accepted accounting principles and auditing standards." The outcome of Part 6 had just the opposite effect and actually further complicated local government accounting and budgeting laws. Of the 56 counties and the 127 cities and towns in Montana, only four local governments adopted the "alternative accounting method."

The committee recommends following through on the intent of the "alternative accounting method" adopted in 1995 by simplifying the laws relating to local government budgeting and accounting. The major revisions recommended include:

1. An all-inclusive definition of "local governments" subject to the budgeting and accounting provisions, excluding only schools as they are subject to rules promulgated by the Office of Public Instruction.
2. Elimination of detailed accounting provisions in statute by referring to the existing duty of the Department of Commerce to prescribe accounting systems in accordance with generally accepted accounting principles.
3. Specifically states that it "...does not provide for the consolidation or reassignment of any duties of elected county officials" and it incorporates existing duties of county officials.
4. Provides for the county or municipal treasurers to be the custodian of all public money, defines public money and specifically prohibits separate bank accounts unless authorized by the county or municipal governing body.

5. Creates budget adjustment flexibility for some fund types and fee-based budgets, similar to that given to state departments.
6. Provides for all mill levies to be subject to county or municipal governing board approval.
7. Provides for an extended deadline for setting tax levies if certified tax levies are received late.
8. Deletes the reference to the "alternative accounting method," and amends or repeals over 80 sections of existing county and municipal laws. Many of the revisions are simply due to changes in accounting procedures due to the elimination of manual accounting systems and procedures.

The proposed budgeting and accounting laws clearly set forth the necessary requirements to ensure state oversight, public participation and conformity with generally accepted accounting principles for all local governments. As many of the redundant and contradictory provisions are eliminated in the proposed revisions, the legislature has greater assurance of compliance by local governments. These revisions also provide for uniform reporting, without exception, to the Department of Commerce to ensure that the various state agencies, legislature, and committees have the necessary information on which to base policy and fiscal decisions.

The county and municipal governments are given greater control and flexibility to make decisions based on what is best for their own particular governmental unit. For example, the old statute authorizing petty cash funds for county government specified that the petty cash fund would be set at \$1,000. The recommended revision simply authorizes the establishment of a petty cash fund with the specific dollar amount to be established by the local government based on their own needs. The accounting procedures require compliance with generally accepted accounting principles that include adequate internal control systems to safeguard local government assets. The accounting and budgeting provisions are all subject to an independent financial and compliance audit pursuant to state law.

The special purpose districts and entities will have the most significant impact as they will now come under the same accounting and budgeting provisions as counties and cities and towns per the committee's recommendation to have an all inclusive definition of "local government." For 1998, the Department of Commerce documented 753 special districts and entities. Of these 753 special purpose districts, 103 districts used a fiscal year ending date other than June 30. The committee is recommending all local governments use the June 30 fiscal year ending date. Additionally, these special purpose districts will now be subject to new accounting and budgeting provisions. New financial reporting and budgeting forms will have to be developed and appropriate accounting and budgeting training provided to these special purpose districts to fulfill the committee's recommendations. The committee believes it is important to bring all local governments under the same reporting standards to ensure complete and accurate accounting to the legislature, state agencies, related local

MCA -- Sept. 2000

7-6-60144. Purpose. The purpose of this part is to create an accounting method for local governments that provides an alternative to following the detailed bookkeeping rules contained in this title that have been built up over decades and to encourage local governments to adopt generally accepted accounting principles and auditing standards. These principles are more rigorous, comprehensive, and businesslike than those contained elsewhere in this title. It is the intent of the legislature that all local governments eventually follow generally accepted accounting principles and auditing standards.

History: En. Sec. 1, Ch. 430, L. 1995.

7-6-602. Definition. For the purposes of this part, "local government entity" means a consolidated city-county or a county or an incorporated city or town.

History: En. Sec. 2, Ch. 430, L. 1995.

7-6-603. Adoption of alternative accounting method. (1) A local government entity may by resolution adopt the alternative accounting method established in 7-6-604.

(2) A local government entity that adopts the alternative accounting method is considered to have complied with state accounting and financial reporting standards and requirements.

(3) A local government entity that does not adopt the alternative accounting method is subject to state accounting and financial reporting standards and requirements.

(4) A local government entity may not adopt the alternative accounting method unless it has received an auditor's unqualified opinion on its annual financial statements prepared for its preceding fiscal year.

(5) A local government entity that adopts the alternative accounting method by resolution shall submit a copy of the resolution to the department of commerce.

History: En. Sec. 3, Ch. 430, L. 1995.

7-6-604. Alternative accounting method -- requirements. A local government entity that adopts the alternative accounting method shall:

(1) prepare its accounting records and financial reports in accordance with generally accepted accounting principles established by the governmental accounting standards board or its generally recognized successor;

(2) adopt a fiscal year that commences on July 1 of each year;

(3) (a) compile an annual financial report covering the preceding fiscal year and submit a copy of the annual financial report or an annual audit, pursuant to subsection (3)(b), to the department of commerce within 6 months of the end of that reported fiscal year; or

(b) if the local government entity submits an audit report in lieu of an annual financial report, ensure that the audit report contains, at a minimum, the entity's general purpose financial statements and combining and individual fund and account group statements as defined under the principles described in subsection (1);

(4) cause an annual audit in accordance with the provisions of Title 2, chapter 7, part 5; and

(5) ensure that a budget is made each year that:

(a) shows the complete expenditure program for the local government entity for the coming fiscal year and the sources by which it will be funded;

(b) must be completed on or before the second Monday in August of the current fiscal year;

(c) must be approved or amended by the governing body in a regularly scheduled meeting;

(d) must be the subject of one or more advertised public hearings, pursuant to the provisions of 7-1-211 or 7-1-4127, prior to approval or amendment; and

(e) must be submitted to the department of commerce by September 15.

History: En. Sec. 4, Ch. 430, L. 1995; amd. Sec. 1, Ch. 176, L. 1997.

STAN Kaleczyc - RE: bond/bidding requirement statute

From: Paul Luwe <PLuwe@BOZEMAN.NET>
 To: 'STAN Kaleczyc' <STAN@bkbh.com>
 Date: 12/6/00 7:41 PM
 Subject: RE: bond/bidding requirement statute
 CC: Sara Stanton <Sara@bkbh.com>

Senate Local Govt. Comm.
 Exhibit No. 4
 Date 1-16-01
 Bill No. SB 138

Stan,

Yes there is another statute. MCA Section 2-9-804 governs Cities and Towns.
 This section reads:

2-9-804. Purchase -- responsible surety. (1) The city or town council or commissioners shall purchase all surety bonds for city officers and employees.

(2) The city or town council or commission shall actively solicit offers on a competitive bases from available qualified insurance or surety companies before purchasing the bonds.

(3) Bonds purchased by the city or town council or commission shall be executed by responsible insurance or surety companies authorized and admitted to execute surety bonds in this state.

History: En. Secs. 1, 2, 4, Ch. 67, L. 1967; R.C.M. 1947, 6-601(part), 6-602(part), 6-604.

Let me know if you have any further questions.

Paul J. Luwe
 Bozeman City Attorney
 Phone: (406) 582-2311
 Beeper: (406) 522-4431
 Fax: (406) 582-2302

—Original Message—

From: STAN Kaleczyc [mailto:STAN@bkbh.com]
 Sent: Wednesday, December 06, 2000 5:20 PM
 To: PLuwe@BOZEMAN.NET
 Cc: Sara Stanton
 Subject: Fwd: bond/bidding requirement statute

paul

I understand there is some concern/interest on your part in eliminating a statutory requirement that surety bonds be competitively bid, esp in light of the fact that they now often come as part of a property coverage package, such as mmis now offers

sara stanton from my office found the attached statute, but it appears to apply only to state govt, not local govt

if there is another statute applying to local govt, please point us in the right direction

thanks

Stan Kaleczyc
 DO NOT read, copy or disseminate this communication unless you are the intended addressee. This e-mail communication contains confidential and/or privileged information intended only for the addressee. If you have received this communication in error, please call us (collect) immediately at 406 443 6820 and ask to speak to the sender of the communication. Also, please e-mail the sender and notify the sender immediately that you have received the communication in error.

debt amendment
SB 138
Linda Nelson

Senate Local Govt. Comm.

Exhibit No. 5Date 1-16-01Bill No. SB 138*Yellowstone County*

COMMISSIONERS

(406) 256-2701

(406) 256-2777 (FAX)

P.O. Box 35000

Billings, MT 59107-5000



January 16, 2001

Senate Local Government Subcommittee
Senator Dale Mahlum, Chair

VIA Facsimile: 444-4875

Dear Senator Mahlum and Members of the Committee:

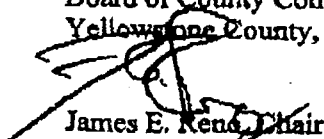
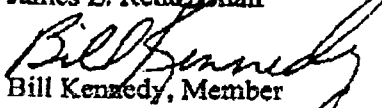
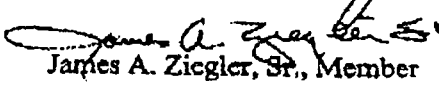
We thank you for your consideration of our written testimony opposing
SB 138 - Revise Local Government Accounting Laws.

Our position is that the bill further constrains local control of existing budget law, which we view as counterproductive. Having local authority to amend the budget after a public hearing process is important to the diverse and complex operations of local government.

Much effort is also given in the bill to the adoption of generally accepted accounting principles (GAAP). GAAP is already required in order to receive an unqualified opinion from an external auditor for your financial statements.

We oppose SB138 in its current form.

Sincerely,

Board of County Commissioners
Yellowstone County, Montana
James E. Kend, Chair
Bill Kennedy, Member
James A. Ziegler, Sr., Member

**MONTANA SENATE
2001 LEGISLATURE
LOCAL GOVERNMENT COMMITTEE**

ROLL CALL

DATE 1-16-2001

[illegible]

DATE 1-16-01

SENATE COMMITTEE ON Local Government

BILLS BEING HEARD TODAY: SB 137 SB 138

SB 199

PLEASE PRINT

NAME	PHONE	REPRESENTING	BILL #	SUPPORT	OFFICE
Jani McCall	442-0216	City of Blqo	SB/37 138	✓ ✓	
John Lawton	455-8450	City of Great Falls	SB/37 138	✓ ✓	
Ron Allen	7-8311	Lil Co	SB 138		
Jordan Mayes		MACo	137 138	✓ ✓	
Jon Mettupont	442-8560	MTSCPA	138		
Judy Pagata	4-2554	DOR	137 138	✓ ✓	
Kurt Alme	4-2642	DOR	137 138		
Carol Ferguson	4-4478	~~HADA~~	137/138		
Wendell Bland	322-8010	IGSEECambree	137/138	✓	
Alec Hansen	2-8768	MLCT	137/138	✓	

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

MINUTES

**MONTANA SENATE
57th LEGISLATURE - REGULAR SESSION
COMMITTEE ON LOCAL GOVERNMENT**

Call to Order: By **CHAIRMAN DALE MAHLUM**, on February 15, 2001 at
3:00 P.M., in Room 335 Capitol.

ROLL CALL

Members Present:

Sen. Dale Mahlum, Chairman (R)
Sen. John C. Bohlinger, Vice Chairman (R)
Sen. Chris Christiaens (D)
Sen. John Cobb (R)
Sen. Jim Elliott (D)
Sen. Bill Glaser (R)
Sen. Duane Grimes (R)
Sen. Don Hargrove (R)
Sen. Ken Miller (R)
Sen. Emily Stonington (D)
Sen. Ken Toole (D)

Members Excused: None.

Members Absent: None.

Staff Present: Leanne Kurtz, Legislative Branch
Mary Gay Wells, Committee Secretary

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 333, 2/2/2001
SB 359, 2/2/2001
SB 368, 2/2/2001

Executive Action: SB 333 DP; SB 138 DPAA;
SB 215 DPAA; SB 216 DPAA;
SB 226 DPAA; SB 278 DPAA;
SB 287 DPAA; SB 368 DPAA
SB 206 Discussed

{Tape : 1; Side : A; Approx. Time Counter : 0}

SEN. GRIMES was uneasy with anything that is anti-growth. Planned growth is fine, but it seems to be more anti-growth. Does this bill fit the whole of Montana?

SEN. STONINGTON felt that the bill would fit all of Montana.

CHAIRMAN MAHLUM questioned the advisability of making people hold onto the land for five years before selling.

SEN. HARGROVE said this bill is about whether a transfer can be done without any consideration of public health and welfare. That is a good argument. You can transfer and sell, but there are restrictions and you would then have to meet certain requirements.

SEN. STONINGTON wanted to make an amendment to her amendment. She wanted to change the effective date to passage upon approval on page 2, line 10.

SEN. COBB suggested that a technical amendment on number five would be to make "the divided land" read "the division of land."

Vote: Motion that **SB 287 AMENDMENT BE ADOPTED** carried unanimously.

Motion/Vote: **SEN. STONINGTON** moved that **SB 287 DO PASS AS AMENDED**. Motion carried 6-5 with Cobb, Glaser, Grimes, Mahlum, and Miller voting no. A roll call vote was taken.

EXECUTIVE ACTION ON SB 138

Motion: **SEN. GLASER** moved that **SB 138 BE AMENDED EXHIBIT(1os38a08), SB013801.alk.**

Discussion:

SEN. BILL GLASER explained that he had the amendments put together with the consent of **SEN. LINDA NELSON**.

SEN. JOHN BOHLINER had received a letter from his county commissioners (Billings) telling him that the bill would be non-beneficial for urban counties. **SEN. GLASER** had talked to those commissioners and the amendments make the bill palatable but they are still not in love with the bill. Some are in favor

but not all. The bill is somewhat controlling though not perfect.

SEN. BOHLINGER asked who was in favor of the bill? **SEN. GLASER** replied Commissioner Kennedy was okay with the bill, Commissioner Reno would still like to do something different with the bill. Commissioner Zeigler is nowhere to be found.

CHAIRMAN MAHLUM inquired about the fiscal note. **SEN. LINDA NELSON**, sponsor of the bill, had requested a fiscal note. The money is covered under Senate Bill 124. Rather than risk losing the bill, Sections 34 and 43 which discuss the special districts could be taken out of the bill. That would take away the fiscal note. She offered that amendment **EXHIBIT(los38a09)**.

Harold Blattie, Stillwater County Commissioner was asked to explain the above amendment. Striking these two amendments would do one thing. It removes the accountability from the special districts for public money. The fiscal note on these two sections would provide oversight by the Department of Commerce for the public money that is held by those entities. Within his own county, there is great divergence as to whether public money needs to be held by the county treasurer or be held somewhere else. If the county treasurer does not hold the money, that money loses its identity. These special districts are not accountable to anyone. This is wrong. He illustrated some instances where the money was unidentifiable, the books are incorrect, etc. He felt very strongly about this issue and vowed to return.

SEN. CHRIS CHRISTIAENS asked if these special districts were not audited. **Mr. Blattie** responded that if a public entity has less than \$200,000 of income per year, it is not required to have an audit done. They submit an annual financial report to the Department of Commerce. They only serve as a custodian for those documents. They don't audit.

Vote: Motion that **SB 138 AMENDMENT SB013801.ALK BE ADOPTED** carried unanimously.

Motion: **SEN. CHRISTIAENS** moved that **SB 138 BE AMENDED (EXH. 9)**.

Discussion:

SEN. LINDA NELSON made comments that she would prefer to have the bill go forward and was willing to have this amendment passed even though it was not what **Harold Blattie** wanted to see.

SEN. GLASER commented that the amendment should be passed because if the fiscal note remained a high cost to the state, SB 138 would go to finance and would probably die there.

Vote: Motion that SB 138 AMENDMENT #2 BE ADOPTED carried unanimously.

Motion/Vote: SEN. BOHLINGER moved that SB 138 DO PASS AS AMENDED. Motion carried unanimously.

EXECUTIVE ACTION ON SB 206

Motion: SEN. GLASER moved that SB 206 BE AMENDED EXHIBIT(los38a10).

Discussion:

SEN. BILL GLASER explained that the amendments addressed the concerns the committee had.

CHAIRMAN DALE MAHLUM asked for a vote of the committee to take the bill off the table.

SEN. JIM ELLIOTT said he thought it was good where it was.

Vote: Motion TO TAKE SB 206 OFF THE TABLE failed 5-6 with Bohlinger, Christiaens, Elliott, Hargrove, Stonington, and Toole voting no. A roll call vote was taken.

Amendments to Senate Bill No. 138
1st Reading Copy

Requested by Senator Linda Nelson

For the Senate Local Government Committee

Prepared by Leanne Kurtz
February 13, 2001 (10:00AM)

1. Title, line 7.

Following: "2-9-316,"

Insert: "2-9-804,"

Following: "3-5-901,"

Insert: "7-1-114,"

2. Page 2, line 2.

Following: "governments."

Insert: "(1)"

3. Page 2.

Following: line 3

Insert: "(2) Local government entities that do not operate under the fiscal year provided in subsection (1) shall adopt the fiscal year provided in subsection (1) by July 1, 2003."

4. Page 2.

Following: line 16

Insert: "(3) The governing body of each county or municipality shall notify the department of commerce in writing, on a form prescribed by the department of commerce, of the creation, dissolution, combination, or other legal alteration of any special purpose district within the county or municipality.

(4) Each special purpose district shall obtain a permanent mailing address and notify the department of commerce of the address and of any subsequent changes of the district's address."

5. Page 2, line 24.

Following: "reassignment"

Insert: ", but does not prohibit delegation by mutual agreement,"

**Even numbered pages for Ex. 8,
dated 2-15-01
in Senate Local Government
Committee
were not included on the exhibits CD
provided to the Law Library from
Legislative Services.**

**Originals are housed at the Historical
Society Archives.**

Insert: "or intends to amend its annual budget"

14. Page 9, line 13.

Following: "budget"

Insert: "or budget amendment"

15. Page 9, line 16.

Following: "budget"

Insert: "or amended budget"

16. Page 9, line 18.

Following: "budget"

Insert: "or budget amendment"

17. Page 12, line 12.

Following: "levy."

Insert: "(1)"

18. Page 12, line 15.

Strike: "(1)"

Insert: "(a)"

Renumber: subsequent subsections

19. Page 12, lines 16 and 17.

Strike: "a" on line 16 through "fund" on line 17

Insert: "an additional amount, subject to the provisions of subsection (2), as a reserve to meet expenditures made from the fund during the months of July to November of the next fiscal year"

20. Page 12.

Following: line 19

Insert: "(2) After deducting from the amount of the appropriations and authorized expenditures the total amount appropriated and authorized to be spent for election expenses and payment of emergency warrants, the amount that may be added as a reserve, as provided in subsection (1) (b), to:

(a) a county's fund may not exceed one-third of the total amount appropriated and authorized to be spent from the fund during the current fiscal year; and

(e) all laws that require or regulate planning or zoning;
(f) any law directing or requiring a local government or any officer or employee of a local government to carry out any function or provide any service;

(g) except as provided in subsection (3), any law regulating the budget, finance, or borrowing procedures and powers of local governments, except that the mill levy limits established by 15-10-420 apply;

(h) Title 70, chapters 30 and 31.

(2) These provisions are a prohibition on the self-government unit acting other than as provided.

(3) (a) Notwithstanding the provisions of subsection (1) (g) and except as provided in subsection (3) (b), self-governing local government units are not subject to the mill levy limits established by state law.

(b) The provisions of 15-10-420 apply to self-governing local government units."

{ Internal References to 7-1-114:

7-5-201 } "

25. Page 21, line 21.

Following: "raise"

Insert: "revenue or receive, disburse, or expend local, state, or federal government"

26. Page 22, line 17.

Strike: subsection (xxii) in its entirety

Renumber: subsequent subsections

- END -

Amendment to SB 138

Requested by: Senator Linda Nelson

Title, Line 7.

Strike: "2-7-503,"

Strike: "7-6-602,"

Page 15, lines 10 through page 16, line 23

Strike: Section 34 in its entirety

Renumber: Subsequent sections

Page 21, line 16 through page 22, line 25

Strike: Section 43 in its entirety

Renumber: Subsequent sections



SENATE STANDING COMMITTEE REPORT

February 16, 2001

Page 1 of 5

Mr. President:

We, your committee on Local Government report that Senate Bill 138 (first reading copy - white) do pass as amended.

Signed: _____

Senator Dale Mahlum, Chair

And, that such amendments read:

1. Title, line 7.

Strike: "2-7-503,"

Following: "2-9-316,"

Insert: "2-9-804,"

Following: "3-5-901,"

Insert: "7-1-114,"

Strike: "7-6-602,"

2. Page 2, line 2.

Following: "governments."

Insert: "(1)"

3. Page 2.

Following: line 3

Insert: "(2) Local government entities that do not operate under the fiscal year provided in subsection (1) shall adopt the fiscal year provided in subsection (1) by July 1, 2003."

4. Page 2.

Following: line 16

Insert: "(3) The governing body of each county or municipality shall notify the department of commerce in writing, on a form prescribed by the department of commerce, of the creation, dissolution, combination, or other legal alteration of any special purpose district within the county or municipality.

(4) Each special purpose district shall obtain a permanent

Committee Vote:

Yes 11, No 0.

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60

mailing address and notify the department of commerce of the address and of any subsequent changes of the district's address."

5. Page 2, line 24.

Following: "reassignment"

Insert: ", but does not prohibit delegation by mutual agreement,"

6. Page 3.

Following: line 13

Insert: "(5) The provisions of subsections (3) and (4) apply to local governments that are not subject to an independent audit pursuant to 2-7-503 and are in addition to laws specifically applying to those local governments."

Renumber: subsequent subsection

7. Page 6.

Following: line 3

Insert: "(e) the proceeds from the sale of land;"

Renumber: subsequent subsections

8. Page 6.

Following: line 5

Insert: "(4) The governing body may amend the budget during the fiscal year by conducting public hearings at regularly scheduled meetings. Budget amendments providing for additional appropriations must identify the fund reserves, unanticipated revenue, or previously unbudgeted revenue that will fund the appropriations."

9. Page 7, line 25.

Following: "reassignment"

Insert: ", but do not prohibit delegation by mutual agreement,"

10. Page 8, line 7.

Strike: the first "and"

Insert: "or"

11. Page 9, line 9.

Following: "preliminary"

Insert: "or amended"

12. Page 9, line 10.

Following: "preliminary"

Insert: "or amended"

13. Page 9, line 12.

Following: "year"

Insert: "or intends to amend its annual budget".

14. Page 9, line 13.

Following: "budget"

Insert: "or budget amendment"

15. Page 9, line 16.

Following: "budget"

Insert: "or amended budget"

16. Page 9, line 18.

Following: "budget"

Insert: "or budget amendment"

17. Page 12, line 12.

Following: "levy."

Insert: "(1)"

18. Page 12, line 15.

Strike: "(1)"

Insert: "(a)"

Renumber: subsequent subsections

19. Page 12, lines 16 and 17.

Strike: "a" on line 16 through "fund" on line 17

Insert: "an additional amount, subject to the provisions of subsection (2), as a reserve to meet expenditures made from the fund during the months of July to November of the next fiscal year"

20. Page 12.

Following: line 19

Insert: "(2) After deducting from the amount of the appropriations and authorized expenditures the total amount appropriated and authorized to be spent for election expenses and payment of emergency warrants, the amount that may be added as a reserve, as provided in subsection (1) (b), to:

(a) a county's fund may not exceed one-third of the total amount appropriated and authorized to be spent from the fund during the current fiscal year; and

(b) a city's or town's fund may not exceed one-half of the total amount appropriated and authorized to be spent from the

fund during the current fiscal year."

21. Page 14, line 5.

Following: "raise"

Insert: "revenue or receive, disburse, or expend local, state, or federal government"

22. Page 15, line 4.

Strike: subsection (xxv) in its entirety

Renumber: subsequent subsections

23. Page 15, line 10 through page 16, line 23.

Strike: section 34 in its entirety

Renumber: subsequent sections

24. Page 18.

Following: line 14

Insert: "Section 38. Section 2-9-804, MCA, is amended to read:

"2-9-804. Purchase -- responsible surety. (1) The city or town council or commissioners shall purchase all surety bonds for city officers and employees.

~~(2) The city or town council or commission shall actively solicit offers on a competitive bases from available qualified insurance or surety companies before purchasing the bonds.~~

~~(3) Bonds purchased by the city or town council or commission shall must be executed by responsible insurance or surety companies authorized and admitted to execute surety bonds in this state."~~

Renumber: subsequent sections

25. Page 20.

Following: line 23

Insert: "Section 41. Section 7-1-114, MCA, is amended to read:

"7-1-114. Mandatory provisions. (1) A local government with self-government powers is subject to the following provisions:

(a) all state laws providing for the incorporation or disincorporation of cities and towns^{7,1} for the annexation, disannexation, or exclusion of territory from a city or town^{7,1} for the creation, abandonment, or boundary alteration of counties^{7,1} and for city-county consolidation;

(b) Title 7, chapter 3, part 1;

(c) all laws establishing legislative procedures or requirements for units of local government;

(d) all laws regulating the election of local officials;

(e) all laws that require or regulate planning or zoning;

(f) any law directing or requiring a local government or any officer or employee of a local government to carry out any function or provide any service;

(g) except as provided in subsection (3), any law regulating the budget, finance, or borrowing procedures and powers of local governments, except that the mill levy limits established by 15-10-420 apply;

(h) Title 70, chapters 30 and 31.

(2) These provisions are a prohibition on the self-government unit acting other than as provided.

(3) (a) Notwithstanding the provisions of subsection (1)(g) and except as provided in subsection (3)(b), self-governing local government units are not subject to the mill levy limits established by state law.

(b) The provisions of 15-10-420 apply to self-governing local government units."

26. Page 21, line 16 through page 22, line 25.

Strike: section 43 in its entirety

Renumber: subsequent sections

- END -

2001 MONTANA LEGISLATURE - 57th Regular Session
INDEX TO BILLS IN COMMITTEE
- Committee: (H) Local Government -

-
- SB 41** **SPONSOR:** Roush, Glenn **SHORT TITLE:** Require certification of public safety communications officers
 REFERRED ON: 02/01/2001 **HEARD ON:** 03/01/2001
 EXECUTIVE ACTION: 03/02/2001 - Bill Concurred -- VOTE: 18 - 0
 FINAL DISPOSITION: 03/20/2001 Chapter Number Assigned
-
- SB 87** **SPONSOR:** Waterman, Mignon **SHORT TITLE:** Clarify role of clerks of justice courts and city courts
 REFERRED ON: 01/09/2001 **HEARD ON:** 01/23/2001
 EXECUTIVE ACTION: 01/24/2001 - Bill Concurred -- VOTE: 18 - 0
 FINAL DISPOSITION: 02/08/2001 Chapter Number Assigned
-
- SB 138** **SPONSOR:** Nelson, Linda **SHORT TITLE:** Revise local government accounting laws
 BY REQUEST OF: Local Government Funding And Structure Committee
 REFERRED ON: 03/03/2001 **HEARD ON:** 03/27/2001
 EXECUTIVE ACTION: 03/28/2001 - Bill Concurred as Amended -- VOTE: 17 - 1
 FINAL DISPOSITION: 04/20/2001 Chapter Number Assigned
-
- SB 144** **SPONSOR:** Nelson, Linda **SHORT TITLE:** Transfer county collections report and other duties to department of revenue
 BY REQUEST OF: Department Of Revenue
 REFERRED ON: 03/01/2001 **HEARD ON:** 03/08/2001
 EXECUTIVE ACTION: 03/14/2001 - Bill Concurred -- VOTE: 17 - 0
 FINAL DISPOSITION: 04/16/2001 Chapter Number Assigned
-
- SB 149** **SPONSOR:** Grosfield, Lorents **SHORT TITLE:** Voter establishment of library districts
 BY REQUEST OF: State Library Commission
 REFERRED ON: 02/01/2001 **HEARD ON:** 03/01/2001
 EXECUTIVE ACTION: 03/02/2001 - Bill Concurred -- VOTE: 18 - 0
 FINAL DISPOSITION: 03/20/2001 Chapter Number Assigned
-
- SB 161** **SPONSOR:** Hargrove, Don **SHORT TITLE:** Revise solid waste fees
 BY REQUEST OF: Department Of Environmental Quality
 REFERRED ON: 02/06/2001 **HEARD ON:** 03/06/2001
 EXECUTIVE ACTION: 03/07/2001 - Bill Concurred -- VOTE: 15 - 3
 FINAL DISPOSITION: 03/30/2001 Chapter Number Assigned
-

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON LOCAL GOVERNMENT

Call to Order: By **CHAIRMAN MARK NOENNIG**, on March 20, 2001 at
3:00 P.M., in Room 472 Capitol.

ROLL CALL

Members Present:

Rep. Mark Noennig, Chairman (R)
Rep. Rod Bitney, Vice Chairman (R)
Rep. Jeff Mangan, Vice Chairman (D)
Rep. Joan Andersen (R)
Rep. Eileen Carney (D)
Rep. Larry Cyr (D)
Rep. John Esp (R)
Rep. Dennis Himmelberger (R)
Rep. Hal Jacobson (D)
Rep. Rick Laible (R)
Rep. Jesse Laslovich (D)
Rep. Bob Lawson (R)
Rep. Michelle Lee (D)
Rep. Brad Newman (D)
Rep. Ken Peterson (R)
Rep. William Price (R)
Rep. James Whitaker (R)
Rep. Cindy Younkin (R)

Members Excused: None.

Members Absent: None.

Staff Present: Eddy McClure, Legislative Branch
Pati O'Reilly, Committee Secretary

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted:
Executive Action: HB 124

EXECUTIVE ACTION ON HB 124

Motion: REP. MANGAN moved that HB 124 DO PASS.

Discussion: REP. STORY gave a summary of the amendments and a
general overview of select committee
activities. EXHIBIT(1) EXHIBIT(2) EXHIBIT(3) EXHIBIT(4)

HEARING ON SB 138

Sponsor: Senator Linda Nelson, SD

Proponents: Jim McGee, Gt. Falls property owner
Alec Hanson, League of Cities and Towns
Deb Kottel, Cascade County
Judy Painter, MT Dept of Revenue
Jon Metropolis, MT Society of CPA's

Opponents: Bob Broadway, Sun Prairie Sewer & Water Dist.
Dale Mercer, Montana Conservation Dist.
Gayla Workman, Cascade County Water & Sewer Dist.
Allen Jarrett, Pres. Sun Prairie Sewer & Water Dist.

Opening Statement by Sponsor: Sen Loren^{ts} Grosfield presented SB 138 on behalf of Sen. Linda Nelson. This bill comes from the local government funding and structure committee and was put together by a number of legal specialists, apparently who went through the local government statutes, financing statutes and funding statutes. This is basically a re-write of those statutes. There are several repealers. This bill is intended to clean up the statutes after an accumulation of legislation spanning over 100 years. This bill does not provide uniform accountability for special districts and special authorities and that sort of thing. It does not provide for consolidation of governmental entities, not for any re-assignment of duties, on the other hand it does not prohibit a mutual agreement. The codification for this bill at the very end says that, those first sections codify Title 7, Chapter 6, Part 6 and in that part in 6-602, the local government means a consolidated city or a city-county or a county, city or town. The last part of this bill applies to additional entities by clearing up filing issues and definitions. This last part applies to various types of districts. The governmental entities have to adopt the state fiscal year, meaning from July 1 thru June 30. The amendment with my name on it is not being offered, however there is another amendment being offered that has Sen. Nelson's name on it.

EXHIBIT(loh69a01) {Tape : 1; Side : A; Approx. Time Counter : 0 - 7.8}

Proponents' Testimony: Jim McGee. Great Falls property owner and was part of the work group that drafted this bill. As a proponent, I think the main thing to point out is that many of the opponents involving special districts are still involved with this bill because there was originally some language that involved them. That language is no longer in the bill. This is local government law which includes them, but they do not agree with this bill.

There are a number of new rules, basically a uniform budget system for cities and counties to follow, this is a guideline to go from step A to step Z for counties and cities. This has 32 new sections which are accounting and budgeting rules, strictly for cities and counties, it amends 30 statutes, it repeals 85 statutes. The 85 statutes that are repealed are city-county and the provisions are those that want to consolidate in a uniform way. The only item I am aware of in this bill that would affect special districts is the part where they are required to report to Dept of Commerce, this part requires special forms and does change the flow of monies. **{Tape : 1; Side : A; Approx. Time Counter : 7.8- 11.7}**

Alec Hanson, MT League of Cities and Counties, The purpose of this bill is to eliminate 85 statutes and replace them with uniform codes for everyone. The bill clarifies judgments and provides an extended deadline for certified mill levies, so that local governments can write budgets based on actual facts rather than just guessing. It promotes uniformity, it simplifies emergency expenditure authority, and is a good bill for local entities. **{Tape : 1; Side : A; Approx. Time Counter : 13.7 - 14}**

Deb Kottel, Cascade County, We have three technical amendments that we have spoken to Sen. Nelson about. Actually, we had five amendments, she did not agree with two of them. The first one deals with providing the District Court with a copy of the preliminary budget, this would make a compliance trap by requiring different notices to different parties. Cascade County was puzzled as to why the District Court would be supplied the preliminary budget rather than the final budget. Amend Section 29 to add "or district court or," the current language does not clarify that the District Court must live within the budget. These are technical corrections and I hope you will pass this bill. **{Tape : 1; Side : A; Approx. Time Counter : 14 - 16.6}**

Judy Painter, MT Dept of Revenue, we have worked on this bill with local government funding, working with the city of Whitefish and served as monitors for the various departments. **{Tape : 1; Side : A; Approx. Time Counter : 16.6 - 17.0}**

Jon Metropolis, Montana Society of CPA's, please pass this bill as amended. **{Tape : 1; Side : A; Approx. Time Counter : 17 - 17.9}**

Opponents' Testimony: Bob Broadway, Gen. Manager of Sun Prairie Sewer and Water District, as has been stated there is a lot of concern on the part of the special districts regarding this bill and in part maybe critical to what is local government. Some of the provisions in the bill seem to be for special districts, I can't speak for the other districts, but I can speak for the water and sewer districts. I have written testimony I would like to hand

out for you to read in order to save time. We have concerns about the bill, we feel we have done a very good job over the years maintaining resources, both financial and fiscal and would ask that water and sewer districts be excluded from this bill.

EXHIBIT(loh69a02) {Tape : 1; Side : A; Approx. Time Counter : 17.9 - 19.6}

Dale Marcer, Montana Association of Conservation Districts, I am very concerned about this bill, line 17 is a little confusing, some say we are local government and some say we are not. Several years ago our District was involved with getting their money through the county, like this and it was a bookkeeping nightmare. Since then we have been on our own, we are audited every year and have had not problems. I have some amendments I wish you would consider before passing this bill. **EXHIBIT(loh69a03) {Tape : 1; Side : A; Approx. Time Counter : 19.6 - 21.4}**

Gayla Workman, Cascade County Conservation District, we strongly oppose the bill. We do not oppose the bill entirely, but we oppose the language that deals with conservation districts. We would like it to be very clear and we request that you remove Conservation Districts from this bill. We were not invited to participate in the work group, so had no way of influencing this bill. **{Tape : 1; Side : A; Approx. Time Counter : 21.4 - 22.5}**

Allen Jarrett, Pres. Of Sun Prairie Sewer and Water District, I concur with the other opponents. **{Tape : 1; Side : A; Approx. Time Counter : 22.5 - 23.0}**

Informational Testimony: None

Questions from Committee Members and Responses: Rep. Mangan asked Mr. McGee, to further clarify, it is my understanding that with the amendments that Sen. Nelson gave us, is it your understanding that the districts would be struck from the bill? McGee, stated that some the information was struck in the Senate. Sen. Nelson amendment would clean up striking all district language. The confusion is Title 2, that refers to audit and reporting requirements to the Dept. of Commerce. There are also some definitions that are in question. Title 7, Chap 6 are all definitions for only cities, counties and consolidated cities and counties. Sections 1 thru 32 is simply addressed to the above. Rep. Mangan questions Ms. Workman, I know you are at a disadvantage because you have not seen the amendments and only heard the brief testimony, would you agree with Mr. McGee that conservation districts would be excluded with those amendments?

Ms. Workman, I am basing my concerns on the bill that I have here, I seems that this amendment is striking your concerns. Rep. Peterson asked Mr. McGee; I would like to refer you to page 8,

lines 14 and 15. This is the existing section 2-7-501-now 14 and 15 are in the existing statute? Yes. You are telling us that those districts are not included in this bill. Correct. The sections 1 thru 32 will be codified by Title 7, Chapter 6. {Tape : 1; Side : A; Approx. Time Counter : 23 - 30}

Closing by Sponsor: Sen. Grosfield closed SB 138, stating that the amendments 1 and 3 offered by Cascade County are offered by Sen. Nelson and the 2nd amendment would not hurt anything, so it could also be adopted. {Tape : 1; Side : B; Approx. Time Counter : 0 - 4.4}

HEARING ON SB 407

Sponsor: Senator Dale Berry, SD 30

Proponents: Tom Daubert, Montana Solid Waste Assn and US Filter Operating Service.

Opponents: None

Opening Statement by Sponsor: Sen. Berry introduced SB 407. This bill is SB 407 if you look at lines 23 thru 25, that is pretty much the bill. What we are asking is that a city or town may extend or renew an agreement for the operations of a plant that provides water, sewer, power to a municipality without using the bidding procedure process. This is an extension, so the contract would already be in place, already through the bidding process and allows these to be extended. It would save our cities considerable dollars and time. {Tape : 1; Side : B; Approx. Time Counter : 4.4 - 6.8}

Proponents' Testimony: Tom Daubert, Montana Solid Waste Assn, which is a statewide organization and I work for a company called US Filter Operating Service. We support this bill because we have a serious interest in the scheme of governments contracting with the local sector. We have found that local governments do not even consider the private sector, many times, because of the expense of the bidding procedure. It gives entities a little more flexibility. Some cities spend in excess of \$100,000 for supplies and there are not a lot of companies that will bid on these items. They would have to go out for bid if they changed the contract. {Tape : 1; Side : B; Approx. Time Counter : 6.8 - 8}

Opponents' Testimony: None

Informational Testimony: None

fair. If we pass this bill it does exactly what they want to do in the courts', get a stay on the enforcement of it. The fairness argument is there but what we are trying to do in this bill, if we do not delete section 3, is not only fix what happened unfairly the first time, but to supersede what the courts role is in this.

Motion: REP. PETERSON moved that SB 429 BE CONCURRED IN AS AMENDED.

Discussion: Rep. Peterson, after hearing the testimony and rereading the bill, I was really concerned that wasn't enough time to present the petition. I think the 51 days was just adding the 21 days to the 30 days and if you read the following statute is talks about 60 days to process the material. So I thought 60 days was better, it gives more time and an ordinance that is passed on second reading in not effective for 30 days, so this gives them another 30 days. The city is going to know if there is something going on regarding the ordinance before it takes effect.

Motion/Vote: REP. PETERSON moved that SB 429 BE AMENDED. Motion carried unanimously.

Motion/Vote: REP. MANGAN moved that SB 429 BE CONCURRED IN AS AMENDED. Motion carried unanimously. {Tape : 2; Side : A; Approx. Time Counter : 14.5 - 22.8}

EXECUTIVE ACTION ON SB 138

Motion: REP. MANGAN moved that SB 138 BE CONCURRED IN.

Motion/Vote: REP. MANGAN moved that SB 138 BE AMENDED. Motion carried unanimously.

Discussion: Rep. Mangan: These amendments were submitted by the sponsor Sen. Nelson, they take into consideration the 1 and 3 amendment that Cascade County proposed, as well as assuring that special conservation districts be exempt from the bill. {Tape : 2; Side : A; Approx. Time Counter : 22.8 - 25}

Motion: REP. YOUNKIN moved that SB 138 BE CONCURRED IN AS AMENDED.

Motion/Vote: REP. MANGAN moved that SB 138 BE AMENDED. Motion carried unanimously.

(Conceptual) Cascade County had amendment to section 22, sub 1, page 10 wasn't in Sen. Nelson's amendment and it is my understanding that she does approve of the amendment. This

amendment says that the District Court would pass the entire county budget. This section needed clarification.

Motion/Vote: REP. MANGAN moved that SB 138 BE CONCURRED IN AS AMENDED. Motion carried 17-1 with Lawson voting no. {Tape : 2; Side : A; Approx. Time Counter : 25 - 30}

EXECUTIVE ACTION ON SB 241

Motion: REP. JACOBSON moved that SB 241 BE CONCURRED IN.

Motion/Vote: REP. LAWSON moved that SB 241 BE AMENDED. Motion carried unanimously. EXHIBIT(loh69a07)

Motion/Vote: REP. YOUNKIN moved that SB 241 BE CONCURRED IN AS AMENDED. Motion carried unanimously. {Tape : 2; Side : B; Approx. Time Counter : 0 - 3.5}

Encl
3/27/01
SB 138

Amendments to Senate Bill No. 138
3rd Reading Copy

Requested by Senator Linda Nelson

For the House Local Government Committee

Prepared by Leanne Kurtz
March 27, 2001 (8:58AM)

1. Title, line 7.
Following: "~~2-7-503,~~"
Insert: "2-7-503,"
2. Page 2, line 2.
Strike: "(1)"
3. Page 2, line 5 through line 6.
Strike: subsection (2) in its entirety
4. Page 2, line 26 through line 27.
Strike: "Subject" on line 26 through "the" on line 27
Insert: "The"
5. Page 3, line 12.
Following: "offices,"
Insert: "and"
Strike: ", special districts, and special authorities"
6. Page 3, line 17.
Strike: "other" through "towns"
7. Page 12, line 26.
Following: "body"
Insert: ", "
Strike: the second "and"
Following: "official"
Insert: ", and the district courts"
8. Page 17.
Following: line 22

Insert: "Section 34. Section 2-7-503, MCA, is amended to read:

"2-7-503. Financial reports and audits of local government entities -- exception. (1) The governing body or managing or executive officer of a local government entity, other than a school district or associated cooperative, shall ensure that a financial report is made every year. A school district or associated cooperative shall comply with the provisions of 20-9-213. The financial report must cover the preceding fiscal year, be in a form prescribed by the department, and be completed within 6 months of the end of the reporting period. The local government entity shall submit the financial report to the department for review.

(2) The department shall prescribe a uniform reporting system for all local government entities subject to financial reporting requirements, other than school districts. The superintendent of public instruction shall prescribe the reporting requirements for school districts.

(3) (a) The governing body or managing or executive officer of each local government entity receiving revenue or financial assistance in the period covered by the financial report in excess of \$200,000 shall cause an audit to be made at least every 2 years. The audit must cover the entity's preceding 2 fiscal years. The audit must commence within 9 months from the close of the last fiscal year of the audit period. The audit must be completed and submitted to the department for review within 1 year from the close of the last fiscal year covered by the audit.

(b) The governing body or managing or executive officer of a local government entity that does not meet the criteria established in subsection (3)(a) shall at least once every 4 years, if directed by the department, or, in the case of a school district, if directed by the department at the request of the superintendent of public instruction, cause a financial review, as defined by department rule, to be conducted of the financial statements of the entity for the preceding fiscal year.

(4) An audit conducted in accordance with this part is in lieu of any financial or financial and compliance audit of an individual financial assistance program that a local government is required to conduct under any other state or federal law or regulation. If an audit conducted pursuant to this part provides a state agency with the information that it requires to carry out its responsibilities under state or federal law or regulation, the state agency shall rely upon and use that information to plan and conduct its own audits or reviews in order to avoid a duplication of effort.

(5) In addition to the audits required by this section, the department may at any time conduct or contract for a special audit or review of the affairs of any local government entity referred to in this part. The special audit or review must, to

the extent practicable, build upon audits performed pursuant to this part.

(6) The fee for the special audit or review must be a charge based upon the costs incurred by the department in relation to the special audit or review. The audit fee must be paid by the local government entity to the state treasurer and must be deposited in the enterprise fund to the credit of the department.

~~(7) Subsections (1) through (3) do not apply to a local government entity that has adopted the alternative accounting method provided for in Title 7, chapter 6, part 6."~~

{ Internal References to 2-7-503:

x2-7-506	x2-7-514	x2-7-514	x2-7-514
x2-7-517	x7-6-2352	x7-6-4140	x7-6-4140
x19-18-205	x20-9-203	x20-9-213	x85-7-1616
x85-7-1913			

Renumber: subsequent sections

- END -

CP2
3/27/01
SB 138

Testimony
Before the
House Local Government Committee

on
SB 138

An Act

Generally Revising the Laws Relating to Local Government Accounting, Budgeting, and Financial
Matters

March 27, 2001

Mr. Chairman, Members of the Committee,

For the record, my name is Bobby Broadway. I'm the general manager for the Sun Prairie Village County Water and Sewer District. We serve 503 service connections or approximately 1,500 people. I am also representing the Montana Association of Water and Sewer Systems. My association represents thirty-four water and/or sewer systems in the State, including county water and sewer districts.

I obviously can't speak for other types of districts, but my district and the association I represent have concerns about some of the provisions in SB 138. Water and sewer districts are not necessarily unique among districts as far as structure is concerned. However, we, like fire districts and departments provide a service which has a sense of immediacy. We are mandated to provide clean, healthful water 24 hours a day and receive and treat sewage 24 hours a day. A failure in the operation of the systems requires both manpower and financial applications to resolve those failures with a high degree of urgency.

Among the concerns we have are:

- First: Although changes in the fiscal year as required by Section 2 of the bill seems of little consequence, it can prove to be problematic for water and sewer districts. The summer months are usually the busiest time of the year for us due to scheduled maintenance and project construction. Most water and sewer districts, except for a few larger districts, have one or at the most two people who work full time and would have to take time from needed maintenance to prepare budgets and financial reports required by the State, as well as other reports required by county officials. Although some districts have July 1 to June 30 fiscal year, many do not.
- Second: We believe the requirements of the new section 4 to not be in the best interest of water and sewer districts. All of the districts with which I am familiar deal with local banks in the

community where they are located or at a nearby bank. We have concerns about turning over all of our revenues to either county or municipal treasurers and to not have the ability for management of our own bank or investment accounts to provide needed liquidity. I know many of you have applied for credit. One of the basic questions asked is "where do you bank?". A district who wishes to open an account with a supplier would have to say "oh, we don't have a bank". Some of the companies I deal with have indicated that they would not do business with a district that had no credit history or bank account.

- Third: We also have concerns about a district's credit rating for selling bonds for needed infrastructure improvements. Without a credit history, for it would be the county's or municipality's credit rating, it is doubtful that a district would be able to sell bonds to anyone, except perhaps the State. Those of us who currently have bonds sold have concerns regarding our bond purchase agreements to maintain specific accounts for reserves, replacement and depreciation and operations and maintenance reserves. We would be required to turn all of these funds over to the county and not have control of the funds for bond payments.
- Fourth: Listed in MCA 2-7-501 are some 23 different types of districts subject to this bill. What will be the increased work load on the county and municipal offices? Dependent upon the number of different types of districts present in a county this could involve a significant increased work load for counties. In Cascade County alone there are at least 11 water and/or sewer districts. Will the county perform the functions of banker and bill payer for districts for nothing? I would guess not. The fiscal note for SB 138 indicates no impact on local governments. Not So. Counties are going to charge some form of administrative fee for handling the financial affairs of all these districts. My district deposits on average \$25,000 per month and expends the majority of these funds for operations and maintenance and building reserves. We write on average 50 to 75 checks per month to pay bills and payroll. Is the county going to handle this banking and payment of bills for nothing? Probably not. It is my understanding that some counties charge a percentage of interest earnings on investments to cover banking charges. For my district, if there is a 2% charge, this would amount to a fee of \$6,020 annually. It is conceivable that this could result in a rate increase for the consumers to offset losses. This would constitute a fiscal impact on the districts subject to this bill.
- Fifth: Also, districts are not to be allowed their own investment accounts. District funds currently invested will have to be turned over to the county who will put the funds into the county investment pool. What about interest earned on those investments? Where does it go? Section 43, indicates that with the exception of volunteer fire districts or departments, the interest earned on funds invested in a county's investment pool must go to the general fund of

the county. I have been advised that in the case of Cascade County this would not happen; that the interest would be credited to the district's accounts, but, less a portion of the earnings for providing the banking service. Granted there are gray areas in the statutes and perhaps case law regarding the allocation of interest, but this section does not provide any exception, except for fire districts and departments. It says the interest "must" go to the county general fund. We all know that with the turn over of county personnel, there also come new and different interpretations of the law. I can see early on that this section will be litigated. With interest going to county general funds, districts will have a fiscal impact by virtue of loss of interest income. In the case of my district we would stand to loose 18 to 20 thousand dollars a year in interest earnings. This too, would be an impact felt by local governments which is not considered in the fiscal note.

Further, by liquidating investments, districts stand to loose money from early withdrawal of funds from some investments and will possibly be at the mercy of the market when investments are liquidated. Again, a fiscal impact.

- Sixth: As far as accounting practices are concerned, Section 42, of the bill amends MCA 7-3-4432 which prescribes that the accounting procedures conform to the methods and standards provided for in MCA 2-7-504 and Title 7, chapter 6, part 6. I might note that Title 7, chapter 6 part 6 is repealed with the exception of 7-6-602 which defines a "local government entity" as meaning a consolidated city-county or a county or an incorporated city or town". I wonder just what definition of a local government we are to use in determining the meaning and intent of this bill. As for accounting practices, districts generally use good accounting practices. They are already required by MCA 2-7-503 (3)(a) and (b) to provide financial reports annually and independent audits at least every 2 years if their gross revenues are in excess of \$200,000. If their revenues are less than the target amount they are required to, at least every 4 years, if directed by the Department of Commerce, to conduct a financial review.

Mr. Chairman, members of the committee in wrapping up, I encourage you to either vote no on SB138 or ensure it is amended to exempt County Water and/or Sewer Districts. This bill will undermine the ability of districts to conduct their daily business of providing safe water to their customers as well as accepting and treating their waste waters. By not having physical control of our operating and reserve funds at the local level there is no need for districts to have elected officials to set fiscal policy and oversee the operation of the district.

Thank you, I'll be available for questions the committee may have.

CP3
3/27/01
LB/38

MONTANA ASSOCIATION OF CONSERVATION DISTRICTS
AMENDMENTS TO SENATE BILL NO. 138
SECOND READING COPY (YELLOW COPY)

1. Page 3.

Following: line 28

Insert: "(7) The provisions of this section do not apply to conservation districts organized pursuant to Title 76, chapter 15."

2. Page 5, line 6.

Following: "governments"

Insert: ", except conservation districts organized pursuant to Title 76, chapter 15"

3. Page 17, line 25.

Following: "Unless"

Insert: "a local government entity has adopted the alternative accounting method provided for in Title 7, chapter 6, part 6, or unless"



HOUSE STANDING COMMITTEE REPORT

March 28, 2001

Page 1 of 3

Mr. Speaker:

We, your committee on Local Government recommend that Senate Bill 138 (third reading copy - blue) be concurred in as amended.

Signed: Mark E. Noennig
Representative Mark Noennig, Chair

To be carried by Representative Jeff Mangan

And, that such amendments read:

1. Title, line 7.

Following: "~~2-7-503,~~"

Insert: "2-7-503,"

2. Page 2, line 2.

Strike: "(1)"

3. Page 2, line 5 through line 6.

Strike: subsection (2) in its entirety

4. Page 2, line 26 through line 27.

Strike: "Subject" on line 26 through "the" on line 27

Insert: "The"

5. Page 3, line 12.

Following: "offices,"

Insert: "and"

Strike: ", special districts, and special authorities"

6. Page 3, line 17.

Strike: "other" through "towns"

Committee Vote:

Yes 17, No 1.

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8.12.01
12:24

7. Page 10, line 11.

Strike: "county" through "available"

Insert: "district court fund budget as soon as the preliminary county budget is prepared pursuant to [section 20]."

(2) The district court may recommend changes to any part of the district court fund budget that the court considers to be necessary for it to discharge its obligations under the law. Any recommendations must be made at the hearing on the preliminary budget held pursuant to [section 24]."

Renumber: subsequent subsection

8. Page 12, line 26.

Following: "body"

Insert: ", "

Strike: the second "and"

Following: "official"

Insert: ", and the district courts"

9. Page 17.

Following: line 22

Insert: "Section 34. Section 2-7-503, MCA, is amended to read:

"2-7-503. Financial reports and audits of local government entities -- exception. (1) The governing body or managing or executive officer of a local government entity, other than a school district or associated cooperative, shall ensure that a financial report is made every year. A school district or associated cooperative shall comply with the provisions of 20-9-213. The financial report must cover the preceding fiscal year, be in a form prescribed by the department, and be completed within 6 months of the end of the reporting period. The local government entity shall submit the financial report to the department for review.

(2) The department shall prescribe a uniform reporting system for all local government entities subject to financial reporting requirements, other than school districts. The superintendent of public instruction shall prescribe the reporting requirements for school districts.

(3) (a) The governing body or managing or executive officer of each local government entity receiving revenue or financial assistance in the period covered by the financial report in excess of \$200,000 shall cause an audit to be made at least every 2 years. The audit must cover the entity's preceding 2 fiscal years. The audit must commence within 9 months from the close of the last fiscal year of the audit period. The audit must be completed and submitted to the department for review within 1 year from the close of the last fiscal year covered by the audit.

(b) The governing body or managing or executive officer of a local government entity that does not meet the criteria established in subsection (3)(a) shall at least once every 4 years, if directed by the department, or, in the case of a school district, if directed by the department at the request of the superintendent of public instruction, cause a financial review,

as defined by department rule, to be conducted of the financial statements of the entity for the preceding fiscal year.

(4) An audit conducted in accordance with this part is in lieu of any financial or financial and compliance audit of an individual financial assistance program that a local government is required to conduct under any other state or federal law or regulation. If an audit conducted pursuant to this part provides a state agency with the information that it requires to carry out its responsibilities under state or federal law or regulation, the state agency shall rely upon and use that information to plan and conduct its own audits or reviews in order to avoid a duplication of effort.

(5) In addition to the audits required by this section, the department may at any time conduct or contract for a special audit or review of the affairs of any local government entity referred to in this part. The special audit or review must, to the extent practicable, build upon audits performed pursuant to this part.

(6) The fee for the special audit or review must be a charge based upon the costs incurred by the department in relation to the special audit or review. The audit fee must be paid by the local government entity to the state treasurer and must be deposited in the enterprise fund to the credit of the department.

~~(7) Subsections (1) through (3) do not apply to a local government entity that has adopted the alternative accounting method provided for in Title 7, chapter 6, part 6."~~

Renumber: subsequent sections

- END -



AN ACT GENERALLY REVISING THE LAWS RELATING TO LOCAL GOVERNMENT ACCOUNTING, BUDGETING, AND FINANCIAL MATTERS; AMENDING SECTIONS 2-7-501, 2-7-503, 2-7-504, 2-7-505, 2-7-513, 2-9-316, 2-9-804, 3-5-602, 3-5-901, 7-1-114, 7-3-4432, 7-6-204, 7-6-2111, 7-4-2514, 7-6-2113, 7-6-2202, 7-6-2521, 7-6-2524, 7-6-2601, 7-6-2602, 7-6-2607, 7-6-4302, 7-6-4501, 7-12-4181, 7-12-4183, 50-60-302, 53-2-322, AND 85-3-423, MCA; REPEALING SECTIONS 7-6-601, 7-6-603, 7-6-604, 7-6-2112, 7-6-2201, 7-6-2203, 7-6-2211, 7-6-2212, 7-6-2213, 7-6-2214, 7-6-2218, 7-6-2219, 7-6-2220, 7-6-2221, 7-6-2301, 7-6-2302, 7-6-2303, 7-6-2311, 7-6-2312, 7-6-2313, 7-6-2314, 7-6-2315, 7-6-2316, 7-6-2317, 7-6-2318, 7-6-2319, 7-6-2320, 7-6-2321, 7-6-2322, 7-6-2323, 7-6-2324, 7-6-2325, 7-6-2326, 7-6-2327, 7-6-2328, 7-6-2329, 7-6-2330, 7-6-2331, 7-6-2335, 7-6-2341, 7-6-2342, 7-6-2343, 7-6-2345, 7-6-2348, 7-6-2351, 7-6-2352, 7-6-2502, 7-6-2525, 7-6-2702, 7-6-4101, 7-6-4104, 7-6-4121, 7-6-4123, 7-6-4124, 7-6-4134, 7-6-4135, 7-6-4140, 7-6-4141, 7-6-4201, 7-6-4202, 7-6-4203, 7-6-4205, 7-6-4206, 7-6-4207, 7-6-4208, 7-6-4209, 7-6-4232, 7-6-4234, 7-6-4237, 7-6-4238, 7-6-4240, 7-6-4259, 7-6-4260, 7-6-4261, 7-6-4262, 7-6-4263, 7-6-4264, 7-6-4265, 7-6-4266, 7-6-4267, 7-6-4270, 7-6-4271, 7-6-4272, 7-6-4407, AND 7-6-4408, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Declaration of policy. (1) It is the policy of the state of Montana that all governmental accounting systems be established and maintained in accordance with generally accepted accounting principles that are nationally recognized as set forth by the governmental accounting standards board or its generally recognized successor.

(2) The codifications, pronouncements, and interpretations of the governmental accounting standards board or its generally recognized successor must be recognized as the primary authoritative reference for governmental accounting.

Section 2. Fiscal year for local governments. The fiscal year of local governments commences on July 1 of each calendar year and ends on June 30 of the following calendar year.

Section 3. Role of department of commerce. (1) The department of commerce shall prescribe for all local governments:

(a) general methods and details of accounting in accordance with generally accepted accounting principles as provided in 2-7-504;

(b) uniform internal and interim reporting systems as part of the uniform reporting systems provided for in 2-7-503;

(c) the form of the annual financial report as provided in 2-7-503; and

(d) general methods and details of accounting for the annual financial report as provided in 2-7-513.

(2) Local governments shall file with the department of commerce:

(a) an annual financial report within 6 months of the fiscal yearend; and

(b) an audit report within 12 months of the end of the audited period.

(3) The governing body of each county or municipality shall notify the department of commerce in writing, on a form prescribed by the department of commerce, of the creation, dissolution, combination, or other legal alteration of any special purpose district within the county or municipality.

(4) Each special purpose district shall obtain a permanent mailing address and notify the department of commerce of the address and of any subsequent changes of the district's address.

Section 4. Additional records and reports. (1) The chief executive or governing body of a county or municipality may require any elected or appointed local government official or employee to:

(a) maintain new or additional financial records;

(b) perform new or additional financial reconciliations; and

(c) submit new or additional financial reports.

(2) This part does not provide for the consolidation or reassignment, but does not prohibit delegation by mutual agreement, of any duties of elected county officials. Continuing county duties include but are not limited to the following:

(a) The county treasurer shall make a detailed monthly report to the governing body of the county of all receipts, disbursements, debt, and other proceedings of the treasurer's office.

(b) The county clerk shall compile and present to the governing body of the county the annual financial report provided for in [section 3(2)(a)].

(3) The designated county or municipal treasurer shall:

(a) receive, disburse, and serve as the custodian of all public money;

(b) provide for accountability of all local government cash receipts and for deposits and investments of all departments, offices, and boards;

(c) pay out, in the order registered, all warrants presented for payment when there are funds in the treasury to pay the warrants; and

(d) require periodic departmental reports of money receipts and their disposition on forms that the designated county or municipal treasurer prescribes.

(4) All local governments:

(a) shall deposit all public money with the county or municipal treasurer within a month of receipt unless otherwise specifically authorized by law;

(b) may not maintain separate bank accounts unless specifically authorized by the county or municipal governing body;

(c) may not maintain separate investments.

(5) The provisions of subsections (3) and (4) apply to local governments that are not subject to an independent audit pursuant to 2-7-503 and are in addition to laws specifically applying to those local governments.

(6) The governing body of a county or municipality shall direct the county or municipal treasurer to open separate accounts for the receipt of money for the governing body. Only the county or municipal treasurer may open an account for the receipt of local government money.

Section 5. Procedure to transfer funds. Money may not be transferred from one fund to another except by resolution of a county or municipal governing body unless the transfer is:

(1) previously authorized by a budget resolution;

(2) provided for by [section 6];

- (3) made in the usual course of county or municipal business for:
 - (a) school transfers;
 - (b) tax increment finance districts;
 - (c) specialized tax situations;
 - (d) the purpose of distributing refunds, protested taxes, or interest charges for interest in lieu of registered warrants;
 - (e) bond sinking fund transfers;
 - (f) residual equity transfers;
 - (g) transfers of investments; or
 - (h) corrections of errors; or
- (4) otherwise authorized by statute.

Section 6. Procedure to close inactive funds. A county or municipal governing body may transfer balances from inactive funds and close the inactive funds.

Section 7. Authorization to maintain petty cash fund. (1) A county or municipal governing body may set aside a sum out of the general fund, which must be known as a petty cash fund. The petty cash fund must be used for the purpose of paying incidental expenses, such as freight charges, express charges, postage, and other similar expenses that must be immediately paid in cash.

(2) In counties that have a county auditor, the county auditor is responsible for expenditures from the petty cash fund. In counties that do not have a county auditor, the county clerk is responsible for expenditures from the petty cash fund.

Section 8. Capital improvement program. A county or municipal governing body may provide for a capital improvement program for the replacement, improvement, and acquisition of property, facilities, or equipment that costs in excess of \$5,000 and that has a life expectancy of 5 years or more. The capital improvement program must be formally adopted by the county or municipal governing body. The capital improvement program may receive funds from up to 10% of one or more property tax levies and may receive funds from any source.

Section 9. Short title -- applicability. (1) [Sections 9 through 32] may be referred to as the "Local Government Budget Act".

(2) [Sections 9 through 32] apply to all local governments.

Section 10. Definitions. As used in [sections 9 through 32], unless the context requires otherwise, the following definitions apply:

(1) "Governing body" means the elected body responsible for the administration of a local government.

(2) "Local government" has the meaning provided in 7-6-602.

(3) "Municipality" means an incorporated city or town.

(4) "Working capital" means the current assets of a fund minus the current liabilities and designated reserves of a fund.

Section 11. Budget and levies supplied to department of commerce. (1) A local government shall submit a complete copy of the final budget together with a statement of tax levies to the department of commerce by the later of October 1 or 60 days after receipt of taxable values from the department of revenue. The county clerk and recorder shall make this submission for counties.

(2) The local government shall use standard forms prescribed by the department of commerce or may use an alternative budget format acceptable to the department of commerce.

Section 12. Budget fund structure. Local government budgets must conform to the fund structure prescribed by the department of commerce.

Section 13. Expenditures limited to appropriations. (1) Local government officials may not make a disbursement or an expenditure or incur an obligation in excess of the total appropriations for a fund.

(2) A local government official who violates subsection (1) is liable for the amount of the excess disbursement, expenditure, or obligation personally and upon the official's bond.

(3) The subsequent claims approval process may not be considered as the making of a

disbursement or an expenditure or as incurring an obligation and does not otherwise limit or mitigate the local government official's personal liability.

Section 14. Appropriation power -- requirements. (1) A governing body may appropriate money and provide for the payment of the debts and expenses of the local government.

(2) Money may not be disbursed, expended, or obligated except pursuant to an appropriation for which working capital is or will be available.

(3) Appropriations may be adjusted according to procedures authorized by the governing body for:

- (a) debt service funds for obligations related to debt approved by the governing body;
- (b) trust funds for obligations authorized by trust covenants;
- (c) any fund for federal, state, local, or private grants and shared revenue accepted and approved by the governing body;
- (d) any fund for special assessments approved by the governing body;
- (e) the proceeds from the sale of land;
- (f) any fund for gifts or donations; and
- (g) money borrowed during the fiscal year.

(4) The governing body may amend the budget during the fiscal year by conducting public hearings at regularly scheduled meetings. Budget amendments providing for additional appropriations must identify the fund reserves, unanticipated revenue, or previously unbudgeted revenue that will fund the appropriations.

Section 15. Use of bond proceeds and borrowed money. (1) Except as otherwise provided by law, money borrowed by a local government may be used only for the purpose for which the money was borrowed. Unless restricted by law, surplus borrowed money may be used to redeem the debt for which the money was borrowed.

(2) The authorization of bonds by the electors or the governing body constitutes the appropriation of the bond proceeds for the purpose for which the bonds are authorized.

Section 16. Fee based budgets -- adjustable appropriation. (1) In its final budget resolution, the

governing body may authorize adjustments to appropriations funded by fees throughout the budget period.

Adjustable appropriations are:

(a) proprietary fund appropriations; or

(b) other appropriations specifically identified in the local government's final budget resolution as fee-based appropriations.

(2) Adjustments of fee-based appropriations must be:

(a) based upon the cost of providing the services supported by the fee; and

(b) fully funded by the related fees for services, fund reserves, or nonfee revenue such as interest.

Section 17. Fees for services -- hearing and resolution. (1) If a local government has the authority to regulate, establish, and change fees, rates, charges, and classifications that are imposed for services to its inhabitants and other persons served by the local government, the fees, rates, charges, and classifications must be reasonable and related to the cost of providing the service.

(2) Charges for services must comply with Title 17, chapter 2, part 3, and other applicable statutes.

(3) In order to establish or change fees, rates, charges, or classifications imposed for services, the governing body shall order a hearing to be held as provided in 7-1-4131, unless a special hearing process is provided by law. Municipal utility rate hearings must be held as provided in 69-7-112.

(4) Notice of a hearing must be published as provided in 7-1-2121 for a county and as provided in 7-1-4127 and 7-1-4128 for a municipality.

(5) After a hearing, the fees, rates, charges, or classifications must be established by resolution of the governing body.

Section 18. Restriction on tax-financed expenditures if voter approval required. If an expenditure is to be financed from a tax levy required to be authorized and approved at an election, the expenditure may not be made or an obligation may not be incurred against the expenditure until the tax levy is authorized and approved.

Section 19. Payments for judgments. (1) Judgments against a local government that are not covered by insurance may be paid:

(a) from the general fund; or

(b) from the fund or funds supporting the local government operation that incurred the judgment.

(2) Judgments that are to be paid from the general fund:

(a) must be paid in the current fiscal year if there is sufficient money in the general fund to pay both the judgment and the general fund appropriations for the current fiscal year; or

(b) must be paid from additional tax levies made in each of the next 3 years if general fund money is insufficient to pay the judgment in the current fiscal year.

Section 20. Preliminary annual operating budget. (1) A preliminary annual operating budget must be prepared for the local government.

(2) [Sections 9 through 32] do not provide for the consolidation or reassignment, but do not prohibit delegation by mutual agreement, of any duties of elected county officials.

(3) (a) Before June 1 of each year, the county clerk and recorder shall notify the county commission and each board, office, or official that they are required to file preliminary budget proposals for their component of the total county budget.

(b) Component budgets must be submitted to the clerk and recorder before June 10th or on a date designated by the county commission and must be submitted on forms provided by the county clerk and recorder.

(c) The county clerk and recorder shall prepare and submit the county's preliminary annual operating budget.

(d) Component budget responsibilities as provided in this subsection (3) include but are not limited to the following:

(i) The county surveyor or any special engineer shall compute road and bridge component budgets and submit them to the county commission.

(ii) The county commission shall submit road and bridge component budgets.

(iii) The county treasurer shall submit debt service component budgets.

(iv) The county commission shall submit component budgets for construction or improvements

to be made from new general obligation debt.

(4) The preliminary annual operating budget for each fund must include, at a minimum:

(a) a listing of all revenue and other resources for the prior budget year, current budget year, and proposed budget year;

(b) a listing of all expenditures for the prior budget year, the current budget year, and the proposed budget year. All expenditures must be classified under one of the following categories:

(i) salaries and wages;

(ii) operations and maintenance;

(iii) capital outlay;

(iv) debt service; or

(v) transfers out.

(c) a projection of changes in fund balances or cash balances available for governmental fund types and a projection of changes in cash balances and working capital for proprietary fund types. This projection must be supported by a summary for each fund or group of funds listing the estimated beginning balance plus estimated revenue, less proposed expenditures, cash reserves, and estimated ending balances.

(d) a detailed list of proposed capital expenditures and a list of proposed major capital projects for the budget year;

(e) financial data on current and future debt obligations;

(f) schedules or summary tables of personnel or position counts for the prior budget year, current budget year, and proposed budget year. The budgeted amounts for personnel services must be supported by a listing of positions, salaries, and benefits for all positions of the local government. The listing of positions, salaries, and benefits is not required to be part of the budget document.

(g) all other estimates that fall under the purview of the budget.

(5) The preliminary annual operating budget for each fund for which the local government will levy an ad valorem property tax must include the estimated amount to be raised by the tax.

Section 21. Notice of preliminary or amended budget. (1) The governing body shall cause a notice of a public hearing on the preliminary or amended budget to be published. The notice must:

(a) provide that the governing body has completed its preliminary annual budget for the ensuing fiscal year or intends to amend its annual budget;

(b) state that the budget or budget amendment has been placed on file and is open to inspection in the county or municipal office designated in the notice;

(c) designate the date, time, and place of the meeting at which the governing body will meet for approving a final budget or amended budget and making appropriations; and

(d) state that any taxpayer or resident may appear at the meeting and be heard for or against any part of the proposed budget or budget amendment.

(2) The publication requirements must conform to the provisions of 7-1-2121 for a county or 7-1-4127 and 7-1-4128 for a municipality.

Section 22. District court budgets. (1) The district court must be provided with copies of the preliminary district court fund budget as soon as the preliminary county budget is prepared pursuant to [section 20].

(2) The district court may recommend changes to any part of the district court fund budget that the court considers to be necessary for it to discharge its obligations under the law. Any recommendations must be made at the hearing on the preliminary budget held pursuant to [section 24].

(3) The district court fund may be used only for district court operations and expenses.

Section 23. State grants to district courts -- rules. (1) To the extent funds are available after expenses provided for in 3-5-901 are funded, the state shall make grants to the governing body of a county for the district courts, as provided in this section.

(2) The governing body of a county may apply to the supreme court administrator for a grant by filing a written request on forms provided by the administrator by August 20 for the previous fiscal year unless, upon the request of the county, the administrator grants a time extension. In its request for a grant, a county shall certify that:

(a) all expenditures from the district court fund have been lawfully made;

(b) transfers from the district court fund have not been or will not be made to any other fund; and

(c) expenditures have not been made from the district court fund that are not specifically

authorized by [section 22] and 7-6-2511.

(3) To the extent that funds are available, the state shall award a grant if the county's district court expenditures for the previous fiscal year exceeded the sum of:

(a) the product of the maximum mill levy authorized by law for district court purposes, whether or not assessed, multiplied by the previous year's taxable valuation of the county; and

(b) all revenue, except district court grants, required by law to be deposited in the district court fund for the previous fiscal year.

(4) Eligible court expenditures for grant purposes include all costs of the county associated with the operation and maintenance of the district court, except building costs, costs for capital items, and costs for library maintenance, replacement, and acquisitions.

(5) The supreme court administrator shall notify each eligible county as soon as possible of the state's intention to award a grant to that county and the amount of the award.

(6) The grant received by the county must be placed in the district court fund.

(7) If an audit conducted pursuant to 2-7-503 discloses that the county received a grant in excess of the amount for which it was eligible, the county shall repay the excess to the state. The supreme court administrator shall redistribute any repaid excess amounts to the other counties that received grants from the appropriation from which the overpayment was made, on the same basis as the original awards. A county is not eligible for a district court grant if it owes the state a refund of a prior year's overpayment.

(8) The supreme court administrator, in consultation with the supreme court, shall prescribe rules and forms necessary to effectively administer this section. The administrator may require a county to provide any information considered necessary for the administration of the program.

Section 24. Hearing on preliminary budget. (1) The governing body shall hold a hearing in accordance with the notice given pursuant to [section 21].

(2) Local government officials shall attend the budget hearing to answer questions on their proposed budgets if called upon:

(a) by the governing body; or

(b) by a taxpayer or resident.

(3) The hearing may be continued from day to day and must be concluded and the budget finally

approved and adopted by resolution by the later of the second Monday in August or within 45 calendar days of receiving certified taxable values from the department of revenue.

Section 25. Receipt and expenditure of money prior to adoption of final budget. A local government may receive and expend money between July 1 of the fiscal year and the date the final budget resolution is adopted.

Section 26. Final budget -- resolution -- appropriations. (1) The governing body may amend the preliminary budget after the public hearing and after considering any public comment.

(2) The amended budget constitutes the final budget. The final budget must be balanced so that appropriations do not exceed the projected beginning balance plus the estimated revenue of each fund for the fiscal year.

(3) The governing body shall adopt the final budget by resolution. The resolution must:

- (a) authorize appropriations to defray the expenses or liabilities for the fiscal year; and
- (b) establish legal spending limits at the level of detail in the resolution.

(4) The effective date of the resolution is July 1 of the fiscal year, even if the resolution is adopted after that date.

Section 27. Budget amendment procedures. (1) The final budget resolution may authorize the governing body or a designated official to transfer appropriations between items within the same fund.

(2) The annual budget appropriations may be amended as provided in [sections 14(3) and 16].

(3) Except as provided in [sections 14 through 16, 19, and 28] or in the case of an emergency under Title 10, chapter 3, a public hearing is required for an overall increase in appropriation authority.

Section 28. Emergency expenditures. (1) Emergency budget appropriations must be adopted by two-thirds of the members of a governing body who are present at a meeting.

(2) Emergency expenditures are limited to and must be charged to the adopted emergency budget appropriations.

(3) The governing body may submit the question of funding emergency warrants at an election

as provided by law.

Section 29. Expenditure limitation. Except as provided in [sections 14 through 16, 19, and 28], the governing body, each county or municipal official, and the district courts are limited to the amount of appropriations and by the classifications in the annual appropriation resolution provided for in [section 26] when making disbursements or expenditures or incurring liabilities.

Section 30. Determination of fund requirements -- property tax levy. (1) After determining the final budget, the governing body shall determine the property tax levy needed for each fund by:

- (a) adding the total amount of the appropriations and authorized expenditures for the budget year;
- (b) adding an additional amount, subject to the provisions of subsection (2), as a reserve to meet expenditures made from the fund during the months of July to November of the next fiscal year;
- (c) subtracting the working capital; and
- (d) subtracting the total estimated revenue, other than the property tax levy, for the budget year.

(2) After deducting from the amount of the appropriations and authorized expenditures the total amount appropriated and authorized to be spent for election expenses and payment of emergency warrants, the amount that may be added as a reserve, as provided in subsection (1)(b), to:

- (a) a county's fund may not exceed one-third of the total amount appropriated and authorized to be spent from the fund during the current fiscal year; and
- (b) a city's or town's fund may not exceed one-half of the total amount appropriated and authorized to be spent from the fund during the current fiscal year.

Section 31. Tax levies for boards and commissions -- bond exemption. (1) The proposed budget and mill levy for each board, commission, or other governing entity are subject to approval by the governing body.

(2) Except for a port authority created under Title 7, chapter 14, part 11, the taxes, revenue, or fees legally pledged for the payment of debt are not subject to approval by the governing body.

(3) Except for judgment levies under 2-9-316 or [section 19], all tax levies are subject to 15-10-420.

Section 32. Fixing tax levy. (1) The governing body shall fix the tax levy for each taxing jurisdiction within the county or municipality:

(a) by the later of the second Monday in August or within 45 calendar days after receiving certified taxable values;

(b) after the approval and adoption of the final budget; and

(c) at levels that will balance the budgets as provided in [section 30].

(2) Each levy:

(a) must be made in the manner provided by 15-10-201; and

(b) except for a judgment levy under 2-9-316 or [section 19], is subject to 15-10-420.

Section 33. Section 2-7-501, MCA, is amended to read:

"2-7-501. Definitions. Unless the context requires otherwise, in this part, the following definitions apply:

(1) "Audit" means a financial audit and includes financial statement and financial-related audits as defined by government auditing standards as established by the U.S. comptroller general.

(2) "Board" means the Montana board of public accountants provided for in 2-15-1866.

(3) "Department" means the department of commerce.

(4) (a) "Financial assistance" means assistance provided by a federal, state, or local government entity to a local government entity or subrecipient to carry out a program. Financial assistance may be in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, direct appropriations, or other noncash assistance. Financial assistance includes awards received directly from federal and state agencies or indirectly when subrecipients receive funds identified as federal or state funds by recipients. The granting agency is responsible for identifying the source of funds awarded to recipients. The recipient is responsible for identifying the source of funds awarded to subrecipients.

(b) Financial assistance does not include direct federal, state, or local government cash assistance to individuals.

(5) "Financial report" means a presentation of financial statements, including applicable

supplemental notes and supplemental schedules, that are prepared in a format published by the department using the Budgetary Accounting and Reporting System for Montana Cities, Towns, and Counties Manual and that reflect a current financial position and the operating results for the 1-year reporting period.

(6) "Independent auditor" means:

(a) a federal, state, or local government auditor who meets the standards specified in the government auditing standards; or

(b) a licensed accountant who meets the standards in subsection (6)(a).

(7) (a) "Local government entity" means a county, city, district, or public corporation that:

(i) has the power to raise revenue or receive, disburse, or expend local, state, or federal government revenue for the purpose of serving the general public;

(ii) is governed by a board, commission, or individual elected or appointed by the public or representatives of the public; and

(iii) receives local, state, or federal financial assistance.

(b) Local government entities include but are not limited to:

(i) airport authority districts;

(ii) cemetery districts;

(iii) counties;

(iv) county housing authorities;

(v) county road improvement districts;

(vi) county sewer districts;

(vii) county water districts;

(viii) county weed control districts;

(ix) drainage districts;

(x) fire department relief associations;

(xi) fire districts;

(xii) hospital districts;

(xiii) incorporated cities or towns;

(xiv) irrigation districts;

- (xv) mosquito districts;
- (xvi) municipal housing authority districts;
- (xvii) port authorities;
- (xviii) refuse disposal districts;
- (xix) rural improvement districts;
- (xx) school districts including a district's extracurricular funds;
- (xxi) soil conservation districts;
- (xxii) special education or other cooperatives;
- (xxiii) television districts;
- (xxiv) urban transportation districts;
- ~~(xxv) volunteer fire departments; and~~
- ~~(xxvi)~~(xxv) water conservancy districts; and
- (xxvi) other miscellaneous and special districts.

(8) "Revenues" means all receipts of a local government entity from any source excluding the proceeds from bond issuances."

Section 34. Section 2-7-503, MCA, is amended to read:

"2-7-503. Financial reports and audits of local government entities -- exception. (1) The governing body or managing or executive officer of a local government entity, other than a school district or associated cooperative, shall ensure that a financial report is made every year. A school district or associated cooperative shall comply with the provisions of 20-9-213. The financial report must cover the preceding fiscal year, be in a form prescribed by the department, and be completed within 6 months of the end of the reporting period. The local government entity shall submit the financial report to the department for review.

(2) The department shall prescribe a uniform reporting system for all local government entities subject to financial reporting requirements, other than school districts. The superintendent of public instruction shall prescribe the reporting requirements for school districts.

(3) (a) The governing body or managing or executive officer of each local government entity receiving revenue or financial assistance in the period covered by the financial report in excess of

\$200,000 shall cause an audit to be made at least every 2 years. The audit must cover the entity's preceding 2 fiscal years. The audit must commence within 9 months from the close of the last fiscal year of the audit period. The audit must be completed and submitted to the department for review within 1 year from the close of the last fiscal year covered by the audit.

(b) The governing body or managing or executive officer of a local government entity that does not meet the criteria established in subsection (3)(a) shall at least once every 4 years, if directed by the department, or, in the case of a school district, if directed by the department at the request of the superintendent of public instruction, cause a financial review, as defined by department rule, to be conducted of the financial statements of the entity for the preceding fiscal year.

(4) An audit conducted in accordance with this part is in lieu of any financial or financial and compliance audit of an individual financial assistance program that a local government is required to conduct under any other state or federal law or regulation. If an audit conducted pursuant to this part provides a state agency with the information that it requires to carry out its responsibilities under state or federal law or regulation, the state agency shall rely upon and use that information to plan and conduct its own audits or reviews in order to avoid a duplication of effort.

(5) In addition to the audits required by this section, the department may at any time conduct or contract for a special audit or review of the affairs of any local government entity referred to in this part. The special audit or review must, to the extent practicable, build upon audits performed pursuant to this part.

(6) The fee for the special audit or review must be a charge based upon the costs incurred by the department in relation to the special audit or review. The audit fee must be paid by the local government entity to the state treasurer and must be deposited in the enterprise fund to the credit of the department.

~~(7) Subsections (1) through (3) do not apply to a local government entity that has adopted the alternative accounting method provided for in Title 7, chapter 6, part 6."~~

Section 35. Section 2-7-504, MCA, is amended to read:

"2-7-504. Accounting methods —exception. (1) Unless otherwise required by law, the department shall prescribe by rule the general methods and details of accounting for the receipt and disbursement of all money belonging to local government entities and shall establish in those offices general methods and

details of accounting. All local government entity officers shall conform with the accounting standards prescribed by the department.

(2) ~~This section does not apply to a local government entity that has adopted the alternative accounting method provided for in Title 7, chapter 6, part 6.~~ The rules adopted by the department must be in accordance with generally accepted accounting principles established by the governmental accounting standards board or its generally recognized successor."

Section 36. Section 2-7-505, MCA, is amended to read:

"2-7-505. Audit scope and standards. (1) Each audit must be a comprehensive audit of the affairs of the local government entity and must be made in accordance with auditing standards and in accordance with federal regulations adopted by the department by rule.

(2) The department, with cooperation from state agencies, shall prepare a local government compliance supplement that contains state and federal regulations applicable to local government entities. Auditors shall use the compliance supplement adopted pursuant to this section in conjunction with government auditing standards adopted by the department to determine the compliance testing to be performed during an audit.

(3) When auditing a county or a consolidated government auditors shall perform tests for compliance with state laws relating to receipts and disbursements of agency funds maintained by the entity. Findings related to compliance tests must be reported in accordance with the reporting standards for financial audits prescribed in government auditing standards adopted by the department."

Section 37. Section 2-7-513, MCA, is amended to read:

"2-7-513. Content of audit report and financial report --exception. (1) The audit reports must comply with the reporting requirements of government auditing standards issued by the U.S. comptroller general and federal regulations adopted by department rule.

(2) ~~for~~ The department shall prescribe general methods and details of accounting for the financial report for local government entities other than schools. The financial report must be submitted in a form required by the department. The superintendent of public instruction shall prescribe the general methods and details of accounting for financial reports for schools.

~~(b) Subsection (2)(a) does not apply to a local government entity that has adopted the alternative accounting method provided for in Title 7, chapter 6, part 6."~~

Section 38. Section 2-9-316, MCA, is amended to read:

~~"2-9-316. Judgments against governmental entities except state. Except as provided in 15-1-402,~~
 a A political subdivision of the state shall satisfy a final judgment or settlement out of funds that may be available from the following sources:

- (1) insurance;
- (2) the general fund or any other funds legally available to the governing body;
- (3) a property tax, otherwise properly authorized by law, collected by a special levy authorized by law, in an amount necessary to pay any unpaid portion of the judgment or settlement, ~~except that the levy may not exceed 10 mills;~~
- (4) proceeds from the sale of bonds issued by a county, city, or school district for the purpose of deriving revenue for the payment of the judgment or settlement liability. The governing body of a county, city, or school district may issue bonds pursuant to procedures established by law. Property taxes may be levied to amortize the bonds, ~~provided the levy for payment of any bonds, settlements, or judgments may not exceed, in the aggregate, 10 mills annually."~~

Section 39. Section 2-9-804, MCA, is amended to read:

"2-9-804. Purchase -- responsible surety. (1) The city or town council or commissioners shall purchase all surety bonds for city officers and employees.

~~(2) The city or town council or commission shall actively solicit offers on a competitive bases from available qualified insurance or surety companies before purchasing the bonds.~~

~~(3)~~ Bonds purchased by the city or town council or commission ~~shall~~ must be executed by responsible insurance or surety companies authorized and admitted to execute surety bonds in this state."

Section 40. Section 3-5-602, MCA, is amended to read:

"3-5-602. Salary and expenses -- apportionment. (1) Each reporter is entitled to receive a base annual salary of not less than \$28,000 or more than \$35,000 and no other compensation, except as

provided in 3-5-604, unless the judge decides to solicit bids for the work performed by the reporter, in which case the salary must be for the amount specified in the bid accepted by the judge. The salary must be set by the judge for whom the reporter works. The salary is payable in monthly installments out of the general funds of the counties composing the district for which the reporter is appointed and out of an appropriation made to the supreme court administrator as provided in subsection (2).

(2) The supreme court administrator shall determine the total number of civil and criminal actions commenced in the preceding year in the district court or courts in the judicial district for which a reporter is appointed. The state shall pay its portion of the reporter's salary based on the proportion of the total number of criminal actions commenced in the district court or courts in the district and the amount appropriated for that purpose. Each county shall pay its portion of the remainder of the salary based on its proportion of the total number of civil and criminal actions commenced in the district courts in the district. The judge or judges of the district shall, on January 1 of each year or as soon thereafter as possible, apportion the amount of the salary to be paid by each county in the district on the basis prescribed in this subsection. The portion of the salary payable by a county is a district court expense within the meaning of ~~7-6-2351, 7-6-2352, and 7-6-2511~~.

(3) In judicial districts comprising more than one county, the reporter is allowed, in addition to the salary and fees provided for in subsection (1), actual and necessary travel expenses, as defined and provided in 2-18-501 through 2-18-503, when on official business to a county of the reporter's judicial district other than the county in which the reporter resides. The expenses must be apportioned and are payable in the same way as the salary."

Section 41. Section 3-5-901, MCA, is amended to read:

"3-5-901. State assumption of certain district court expenses -- designation as district court reimbursement program. (1) To the extent that revenue is available under 61-3-509, the state shall fund:

(a) the following district court expenses in criminal cases only:

- (i) salaries of court reporters;
- (ii) fees for transcripts of proceedings;
- (iii) witness fees and necessary expenses;
- (iv) juror fees;

- (v) expenses for indigent defense; and
- (vi) expenses for psychiatric examinations;

(b) the district court expenses, as listed in subsection (1)(a), in all postconviction proceedings held pursuant to Title 46, chapter 21, and in all habeas corpus proceedings held pursuant to Title 46, chapter 22, and appeals from those proceedings;

(c) the following expenses incurred by the state in federal habeas corpus cases that challenge the validity of a conviction or of a sentence:

- (i) transcript fees;
- (ii) witness fees; and
- (iii) expenses for psychiatric examinations; and

(d) the following expenses incurred by the state in a proceeding held pursuant to Title 41, chapter 3, part 4 or 6, that seeks temporary investigative authority of a youth, temporary legal custody of a youth, or termination of the parent-child legal relationship and permanent custody:

- (i) transcript fees;
- (ii) witness fees;

(iii) expenses for medical and psychological evaluation of a youth or the youth's parent, guardian, or other person having physical or legal custody of the youth except for expenses for services that a person is eligible to receive under a public program that provides medical or psychological evaluation;

(iv) expenses associated with appointment of a guardian ad litem or child advocate for the youth;

(v) expenses for appointed counsel for the youth;

(vi) expenses for appointed counsel for the parent, guardian, or other person having physical or legal custody of the youth; and

(vii) expenses associated with court-ordered alternative dispute resolution.

(2) If revenue received under 61-3-509 exceeds the amount appropriated by the legislature to fund the expenses of the appellate defender program, the excess amount is statutorily appropriated, as provided in 17-7-502, to the supreme court to fund the expenses described in subsections (1)(a) through (1)(d) of this section, the district court grant program as described in subsection (4)(a) of this section, and the costs of administering this section.

(3) All revenue disbursed under this section must be deposited in and credited to the district court

fund. If a district court fund does not exist, the revenue must be deposited in the county general fund for district court operations.

(4) If money appropriated for the expenses listed in subsection (1):

(a) exceeds the amount necessary to fully fund those expenses, the remaining excess amounts must be used for district court grants as provided in ~~7-6-2352~~ [section 23]; or

(b) is insufficient to fully fund those expenses, the county is responsible for payment of the balance."

Section 42. Section 7-1-114, MCA, is amended to read:

"7-1-114. Mandatory provisions. (1) A local government with self-government powers is subject to the following provisions:

(a) all state laws providing for the incorporation or disincorporation of cities and towns_; for the annexation, disannexation, or exclusion of territory from a city or town_; for the creation, abandonment, or boundary alteration of counties_; and for city-county consolidation;

(b) Title 7, chapter 3, part 1;

(c) all laws establishing legislative procedures or requirements for units of local government;

(d) all laws regulating the election of local officials;

(e) all laws that require or regulate planning or zoning;

(f) any law directing or requiring a local government or any officer or employee of a local government to carry out any function or provide any service;

(g) except as provided in subsection (3), any law regulating the budget, finance, or borrowing procedures and powers of local governments, ~~except that the mill levy limits established by 15-10-420~~ apply;

(h) Title 70, chapters 30 and 31.

(2) These provisions are a prohibition on the self-government unit acting other than as provided.

(3) (a) Notwithstanding the provisions of subsection (1)(g) and except as provided in subsection (3)(b), self-governing local government units are not subject to the mill levy limits established by state law.

(b) The provisions of 15-10-420 apply to self-governing local government units."

Section 43. Section 7-3-4432, MCA, is amended to read:

"7-3-4432. Accounting procedures. Accounting ~~procedure shall~~ procedures must be devised and maintained for the municipality; that are adequate to record in detail all transactions affecting the acquisition, custodianship, and disposition of values, including cash receipts and disbursements. The accounting procedures must conform to the methods and standards provided for in 2-7-504 and Title 7, chapter 6, part 6. The recorded facts ~~shall~~ must be presented periodically to officials and to the public in ~~such~~ summaries and analytical schedules in detailed support ~~thereof as~~ of the summaries that may be necessary to show the full effect of ~~such~~ the transactions for each fiscal year upon the finances of the municipality and in relation to each department of the municipal government, including distinct summaries and schedules for each publicly owned and operated utility."

Section 44. Section 7-6-204, MCA, is amended to read:

"7-6-204. Crediting of interest. (1) Unless otherwise provided by law or by the terms of a gift, grant, or donation, interest paid and collected on deposits or investments must be credited to the general fund of the county, city, or town to whose credit the funds are deposited.

(2) Interest paid and collected on the deposits or investments of the funds of a volunteer fire district or department organized in an unincorporated area under Title 7, chapter 33, part 21 or 23, must be credited to the account of that fire district or department.

(3) Interest paid and collected on the deposits or investments of the county road fund or county bridge fund may be credited to the county road fund or county bridge fund."

Section 45. Section 7-6-2111, MCA, is amended to read:

"7-6-2111. Duties of county treasurer. ~~{1}~~ The county treasurer shall:

~~{a}~~ (1) ~~must~~ receive all money belonging to the county and all other money directed to be paid to the treasurer by law, safely keep the money, ~~and~~ apply and pay the money out, and account for the money as required by law;

~~{b}~~ (2) ~~shall~~ keep an account of the receipt and expenditures of the money in books provided for the purpose, in which must be entered:

~~(a)~~ the amount; and the time when, from whom, and on what account all money was received;

~~(b)~~ the amount; and time when, to whom, and on what account all disbursements were made;

~~(c)(3)~~ shall keep books so that the amounts received and paid out on account of separate funds or specific appropriations are exhibited in separate and distinct accounts, with the whole receipts and expenditures shown in one general or cash account;

~~(d)~~ may not enter money received for the current year on the treasurer's account with the county for the past fiscal year until after the treasurer's annual settlement for the past year has been made with the county clerk;

~~(e)(4)~~ shall disburse the county money only on county warrants issued by the county clerk, based on orders of the board of county commissioners, or as otherwise provided by law.

~~(2)~~ This section does not apply to a county that has adopted the alternative accounting method provided for in Title 7, chapter 6, part 6."

Section 46. Section 7-4-2514, MCA, is amended to read:

"7-4-2514. Filing required to receive salary. The board of county commissioners ~~must~~ may not order the payment of the salary of any ~~such~~ officer until ~~he~~ the officer has filed the duplicate receipt with the county clerk, properly signed by the treasurer, showing that ~~he~~ the officer has made the statement and settlement for that month; as required in this part, ~~and filed the report prescribed in 7-6-2213.~~"

Section 47. Section 7-6-2113, MCA, is amended to read:

"7-6-2113. Effect of failure to make treasurer's report. If ~~any~~ a county treasurer neglects or refuses to settle or report as required in ~~7-6-2112~~ [section 4], ~~he~~ the county treasurer forfeits and ~~must~~ shall pay to the county the sum of \$500 for ~~every such~~ each neglect or refusal. The board of county commissioners ~~must~~ shall institute suits for the recovery ~~thereof~~ of the sum."

Section 48. Section 7-6-2202, MCA, is amended to read:

"7-6-2202. Duties of county clerk related to finance ~~--exception.~~ (1) The county clerk shall draw warrants on the county treasury in favor of all persons entitled to the warrants in payment:

(a) of all claims and demands chargeable against the county ~~which~~ that have been legally

examined, allowed, and ordered paid by the board of county commissioners; and

(b) for all debts and demands against the county when the amounts are fixed by law and are not directed to be audited by some other person or tribunal.

(2) The county clerk shall keep accounts current with the treasurer. When any person deposits with the county treasurer any money paid into the treasury, the county clerk must be furnished by the treasurer with a duplicate of the receipt issued to the person. The duplicate receipt must be filed in the office of the county clerk, and the county clerk shall charge the treasurer with the amount of the deposit.

(3) The county clerk shall make the annual statement ~~as prescribed in 7-6-2203~~ prescribed by the department of commerce.

~~(4) This section does not apply to a county that has adopted the alternative accounting method provided for in Title 7, chapter 6, part 6."~~

Section 49. Section 7-6-2521, MCA, is amended to read:

"7-6-2521. **All-purpose levy authorized for counties.** A county may at its option levy an all-purpose levy as provided in 7-6-2521 through 7-6-2524 and 7-6-2526."

Section 50. Section 7-6-2524, MCA, is amended to read:

"7-6-2524. **Changes from all-purpose levy.** A county adopting the all-purpose levy provided for in 7-6-2521 through 7-6-2524 and 7-6-2526 is bound by that adoption during the ensuing fiscal year but may abandon the method in succeeding fiscal years."

Section 51. Section 7-6-2601, MCA, is amended to read:

"7-6-2601. **Details related to county warrants -- definition.** (1) Warrants issued pursuant to 7-6-2202(1) ~~shall~~ must be signed by the county clerk and the ~~chairman~~ presiding officer of the board of county commissioners, except warrants drawn on the redemption fund.

(2) All warrants issued by the county clerk during each year, commencing with the first Monday in January, must be numbered consecutively. The number, date, and amount of each ~~and warrant~~, the name of the person to whom it is payable, and the purpose for which it is drawn must be stated ~~thereon~~, on the warrant. ~~and the warrants~~ Warrants must, at the time they are issued, be registered by ~~him~~ the

county clerk.

(3) Warrants drawn by order of the board on the county treasury for the current expenses during each year must specify the liability for which they are drawn and when the liability accrued.

(4) For the purposes of this part, "warrant" includes a check and an electronic funds transfer."

Section 52. Section 7-6-2602, MCA, is amended to read:

~~"7-6-2602. Payment of warrants. (1) When a warrant is presented for payment, if there is money in the treasury for that purpose, the county treasurer must pay the same, write on the face thereof "Paid" and the date of payment, and sign his name thereto. Warrants must be paid in the order of presentation to the treasurer.~~

~~———(2) The county treasurer must~~ may not pay any order or warrant except to the payee ~~thereof of~~ the warrant or to ~~his~~ the payee's agent, assignee, or legal representative, whose authority must be in writing and delivered to ~~him~~ the county treasurer, and The written authority must be returned with ~~such~~ the order or warrant, when paid, to the board of county commissioners."

Section 53. Section 7-6-2607, MCA, is amended to read:

~~"7-6-2607. Examination and processing Processing of warrants. (1) The board, at its annual March session or more often if necessary, must examine the county warrants returned by the county treasurer by comparing each warrant with the record of warrants issued in the county clerk's office.~~

~~(2)(1) The board must~~ shall cause to be canceled all county warrants that have remained uncalled for 1 year or more in the county clerk's office, ~~these~~ The uncalled warrants ~~to~~ must be canceled in the same manner as other county warrants. At the same time, the county treasurer ~~must~~ shall deliver to the board all warrants or vouchers that are in the county treasurer's possession for money disbursed by ~~him~~ as the county treasurer and the clerk ~~must~~ shall issue a receipt for the ~~same~~ warrants or vouchers.

~~(3)(2) The board must~~ shall cause to be entered on the record of warrants, opposite to the entry of each warrant issued, the date when the warrant was canceled and ~~must~~ shall make a list of the canceled warrants, specifying the number, date, amount, and the person to whom the ~~same~~ warrant was payable, ~~and must~~ The board shall cause the list to be entered on the minutes of the board."

Section 54. Section 7-6-4302, MCA, is amended to read:

"7-6-4302. Payment of claims by warrant or check. ~~Except as provided in 7-6-4121, all~~ All accounts and demands against a city or town must be submitted to the council and, if found correct, must be allowed and an order must be made that the demand be paid. The demand must be paid in accordance with one of the following options:

(1) The mayor may draw a warrant upon the treasury in favor of the owner, specifying for what purpose and by what authority it is issued and out of what funds it is to be paid. The city treasurer or town clerk ~~must~~ shall pay the warrant out of the proper fund.

(2) The city treasurer or town clerk may pay the demand by check when there are sufficient city funds on deposit in an interest-bearing checking account in a bank within the city or town that are available to cover the check."

Section 55. Section 7-6-4501, MCA, is amended to read:

"7-6-4501. Interest on unpaid warrants -- definition. (1) When any warrant drawn upon the treasury of a city or town and pursuant to any ordinance or resolution or direction of the council of the city or town is presented to the city treasurer or town clerk for payment and the ~~same warrant~~ warrant is not paid for want of funds, the city treasurer or town clerk ~~must~~ shall endorse thereon "Not paid for want of funds", annexing the date of presentation, and signing ~~his~~ the treasurer's or clerk's name thereto to the warrant.

(2) From the time of the endorsement until the warrant is called for payment, the warrant bears interest at a rate fixed by ordinance, or if the warrant is subject to purchase for investment by a county as provided in 7-6-2701 and is held by a county, the warrant bears interest at a rate fixed by the board of county commissioners under 7-6-2701.

(3) As used in this part, "warrant" includes a check and an electronic funds transfer."

Section 56. Section 7-12-4181, MCA, is amended to read:

"7-12-4181. Collection of district assessments by county clerk -- certification. (1) Except as provided in 7-12-4183, in each city or town where taxes for general, municipal, and administrative purposes are certified to and collected by the county treasurer ~~in accordance with the provisions of~~

~~7-6-4407~~ immediately after the second Monday of August of each year, it is the duty of the city treasurer or town clerk to certify to the department of revenue, at the same time that the copy of the resolution determining the annual levy for general taxes is certified by the city or town clerk to the county clerk ~~as required by 7-6-4407, to the department of revenue~~ all special assessments and taxes levied and assessed in accordance with any of the provisions of part 42 and this part.

(2) The department of revenue shall enter the special assessments and taxes upon the property tax record for the county. The county treasurer shall collect all taxes and assessments in the same manner and at the same time as taxes for general, municipal, and administrative purposes are collected."

Section 57. Section 7-12-4183, MCA, is amended to read:

"7-12-4183. Collection of district assessments by city treasurer in cities where county collects taxes. (1) In any city or town where taxes for general, municipal, and administrative purposes are certified to and collected by the county treasurer in accordance with the provisions of ~~7-6-4407 and~~ 7-6-4423, the city or town may, ~~nevertheless,~~ provide by ordinance for the collection by its city treasurer or town clerk of all special assessments and taxes levied and assessed in accordance with any of the provisions of ~~this part and part 42~~ and this part in the same manner and at the same time as taxes for general, municipal, and administrative purposes are collected by the county treasurer. All of the provisions of 7-6-4423 apply to the collection of the special taxes and assessments in the same manner as the provisions apply to the collection of other city or town taxes.

(2) (a) When the payment of any one installment of any special assessment becomes delinquent, all payments of subsequent installments ~~shall~~ must, at the option of the city or town council and by appropriate resolution duly adopted, become delinquent. The city or town council may order that all assessments that are delinquent as a result of acceleration be withdrawn.

(b) Delinquent special assessments ~~shall~~ must be certified to the county clerk of the county in which the city or town is situated. The county treasurer ~~must~~ shall collect the delinquent special assessments and taxes in the same manner and at the same time ~~as~~ that taxes for general, municipal, and administrative purposes are collected ~~by him~~. In case ~~they~~ the delinquent assessments and taxes are not paid, the whole property ~~shall~~ must be sold in the same manner ~~as~~ that other property is sold for taxes. The enforcement of the lien of any installment of a special assessment by any method authorized

by law does not prevent the enforcement of the lien of any subsequent installment when it becomes delinquent."

Section 58. Section 50-60-302, MCA, is amended to read:

"50-60-302. Certification of municipal and county building codes. (1) A county or municipality may not enforce a building code unless:

(a) the code enforcement program has been certified by the department as in compliance with applicable statutes and department certification rules;

(b) the current adopted code, a current list of fees to be imposed, and a current plan for enforcement of the code have been filed with and approved by the department; and

(c) all inspectors inspecting or approving any installations, which if accomplished commercially require state licensure, must themselves be properly and currently state-licensed as journeymen in that craft or occupation or be certified by a nationally recognized entity for testing and certification of inspectors that is approved by the department before being permitted to inspect or approve any installations.

(2) The department shall adopt additional rules and standards governing the certification of municipal and county building code enforcement programs ~~which~~ that must include provisions for prompt revocation of certification for refusal or failure to comply with any applicable statute or rule. The department may allow a county or municipality a reasonable amount of time, not to exceed 6 months, to correct identified code enforcement program deficiencies, unless the deficiencies constitute an immediate threat to the public health, safety, or welfare, in which case the department may require immediate correction. Failure to correct deficiencies within the time set by the department constitutes a basis for immediate decertification of the code enforcement program. Continued operation of a county or municipal code enforcement program in violation of a department order to correct deficiencies may be enjoined or subject to a writ of mandamus by a judge of the district court in the jurisdiction in which the county or municipality is located. The rules and standards must include provisions for the department to ensure that all code enforcement program functions are being properly performed.

~~(3) In addition to maintaining the continued compliance oversight required in subsection (1), the department shall require a detailed and fully documented annual report from a local government with a~~

~~certified code enforcement program to ensure continued local government compliance with all requirements of applicable statutes and rules. If review of the annual report identifies compliance problems, the department shall immediately conduct an onsite evaluation.~~

~~(4)~~(3) If the certification of any local government code enforcement program is revoked for any violation or deficiency, the state resumes its original jurisdiction for state building code enforcement within the municipal or county area and the local government retains the responsibility for completion of inspections and issuance of certificates of occupancy on any incomplete construction projects previously permitted by the local government, unless the reason for the decertification is directly related to the protection of health, safety, and welfare of the public.

~~(5)~~(4) If a local government voluntarily decertifies its code enforcement program, the department must be given written notification of the intended decertification at least 90 days prior to the date of decertification. The local government retains the responsibility for completion of inspections and issuance of certificates of occupancy on any incomplete construction projects permitted by the local government prior to decertifying its code enforcement program."

Section 59. Section 53-2-322, MCA, is amended to read:

"53-2-322. County to levy taxes, budget, and make expenditures for public assistance activities.

(1) Subject to 15-10-420, the board of county commissioners in each county shall levy 13.5 mills for the county poor fund as provided by law or so much of that amount as may be necessary. The board may levy up to an additional 12 mills if approved by the voters in the county. Subject to 15-10-420, a county shall levy sufficient mills to reimburse the state for any administrative or operational costs in excess of the administrative and operational costs for the previous fiscal year. The department of public health and human services shall notify the counties of the number of mills required to be levied. Once an additional levy has been approved, the amount of the approved levy may continue to be levied without voter approval.

(2) The board shall budget and expend so much of the funds in the county poor fund for:

- (a) public assistance as necessary to reimburse the department for the county's proportionate share of the administrative costs and of all public assistance costs;
- (b) salaries, travel expenses, and indirect costs, as provided in 52-1-110, of protective services

employees of the department; and

(c) the county's proportionate share of any other public assistance activity that may be carried on jointly by the state and the county.

(3) The amounts set up in the budget for the reimbursements to the department must be sufficient to make all of these reimbursements in full. The budget must make separate provision for each public assistance activity and for salaries, travel expenses, and indirect costs for protective services activities of the department. Proper accounts must be established for the funds for all the activities.

(4) The department shall submit to the counties, no later than May 10, the most current county participation percentages that are necessary to establish preliminary county budgets. As soon as the county proposed budget ~~provided for in 7-6-2315~~ has been agreed upon, a copy must be mailed to the department, and at any time before the final adoption of the budget, the department shall make recommendations with regard to changes in any part of the budget relating to the county poor fund as considered necessary in order to enable the county to discharge its obligations under the public assistance laws.

(5) The department shall promptly examine the county proposed budget in order to ascertain if the amounts provided for reimbursements to the department are likely to be sufficient and shall notify the county clerk of its findings. The board shall make changes in the amounts provided for reimbursements, if any are required, in order that the county will be able to make the reimbursements in full.

(6) The board of county commissioners may not make any transfer from the amounts budgeted for reimbursing the department without having first obtained a statement in writing from the department to the effect that the amount to be transferred will not be required during the fiscal year for the purposes for which the amounts were provided in the budget.

(7) The county poor fund, irrespective of the source of any part of the fund, may not be used directly or indirectly for the erection or improvement of any county building as long as the fund is needed for paying the county's proportionate share of public assistance and protective services, as described in 52-1-110, or its proportionate share of any other public assistance activity that may be carried on jointly by the state and the county. Expenditures for improvement of any county buildings used directly for care of the poor, except a county hospital or county nursing home, may be made out of money in the county poor fund, whether the money was produced by the mill levy provided for in subsection (1) or from any

additional levy authorized by law. The expenditure may be authorized only when any county building used for the care of the poor must be improved in order to meet legal standards required for the building by the department and when the expenditure has been approved by the department.

(8) Money in the county poor fund may be used as matching funds for the receipt of federal money."

Section 60. Section 85-3-423, MCA, is amended to read:

"85-3-423. County budget waived for first appropriation -- conditions. ~~The provisions of 7-6-2342 apply if~~ If an emergency condition requiring prompt expenditure occurs immediately after an authority has been created by resolution of the board of county commissioners and after certification of a mill levy by the authority. ~~In that case and only for the initial or first appropriation for the authority,~~ the county commissioners may appropriate, from money not otherwise appropriated in the general fund, money necessary to carry out the provisions of this part. However, the appropriation may not exceed an amount equal to the amount that would be raised by a 2-mill levy upon the taxable valuation of the property in the county."

Section 61. Repealer. Sections 7-6-601, 7-6-603, 7-6-604, 7-6-2112, 7-6-2201, 7-6-2203, 7-6-2211, 7-6-2212, 7-6-2213, 7-6-2214, 7-6-2218, 7-6-2219, 7-6-2220, 7-6-2221, 7-6-2301, 7-6-2302, 7-6-2303, 7-6-2311, 7-6-2312, 7-6-2313, 7-6-2314, 7-6-2315, 7-6-2316, 7-6-2317, 7-6-2318, 7-6-2319, 7-6-2320, 7-6-2321, 7-6-2322, 7-6-2323, 7-6-2324, 7-6-2325, 7-6-2326, 7-6-2327, 7-6-2328, 7-6-2329, 7-6-2330, 7-6-2331, 7-6-2335, 7-6-2341, 7-6-2342, 7-6-2343, 7-6-2345, 7-6-2348, 7-6-2351, 7-6-2352, 7-6-2502, 7-6-2525, 7-6-2702, 7-6-4101, 7-6-4104, 7-6-4121, 7-6-4123, 7-6-4124, 7-6-4134, 7-6-4135, 7-6-4140, 7-6-4141, 7-6-4201, 7-6-4202, 7-6-4203, 7-6-4205, 7-6-4206, 7-6-4207, 7-6-4208, 7-6-4209, 7-6-4232, 7-6-4234, 7-6-4237, 7-6-4238, 7-6-4240, 7-6-4259, 7-6-4260, 7-6-4261, 7-6-4262, 7-6-4263, 7-6-4264, 7-6-4265, 7-6-4266, 7-6-4267, 7-6-4270, 7-6-4271, 7-6-4272, 7-6-4407, and 7-6-4408, MCA, are repealed.

Section 62. Codification instruction. (1) [Sections 1 through 8] are intended to be codified as an integral part of Title 7, chapter 6, part 6, and the provisions of Title 7, chapter 6, part 6, apply to

[sections 1 through 8].

(2) [Sections 9 through 32] are intended to be codified as an integral part of Title 7, chapter 6, and the provisions of Title 7, chapter 6, apply to [sections 9 through 32].

Section 63. Effective date. [This act] is effective July 1, 2001.

Section 64. Applicability. [This act] applies to special purpose districts beginning July 1, 2002.

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